Edward S. Weisfelner
David J. Molton
May Orenstein
Howard S. Steel
BROWN RUDNICK LLP
Seven Times Square
New York, New York 10036
T: 212-209-4800
E: eweisfelner@brownrudnick.com
E: dmolton@brownrudnick.com
E: morenstein@brownrudnick.com
E: hsteel@brownrudnick.com

Sander L. Esserman
STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, P.C.
2323 Bryan Street,
Suite 2200
Dallas, Texas 75201
T: 214-969-4900
E: esserman@sbep-law.com

Designated Counsel for Ignition Switch Plaintiffs

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re: MOTORS LIQUIDATION COMPANY, et al., f/k/a General Motors Corp., et al., Debtors.	: : : : :	Chapter 11 Case No.: 09-50026 (REG) (Jointly Administered)

APPELLANTS' STATEMENT OF ISSUES ON APPEAL AND AMENDED <u>DESIGNATION OF ITEMS TO BE INCLUDED IN THE RECORD ON APPEAL</u>

Pursuant to Rule 8009 of the Federal Rules of Bankruptcy Procedure, the Appellants-Ignition Switch Plaintiffs (the "**<u>Appellants</u>**"),[1] by and through their undersigned counsel, respectfully submit the following: (i) statement of issues to be presented on appeal from the *Judgment*, dated June 1, 2015 [ECF No. 13177] and *Decision on Motion to Enforce Sale Order*, dated April 15, 2015 [ECF No. 13109]; and (ii) amended designation of items to be included in the record on appeal.

[1] Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Judgment or the Decision. As defined in the Judgment, the term "**<u>Ignition Switch Plaintiffs</u>**" shall mean plaintiffs that have commenced a lawsuit against New GM asserting economic losses based on or arising from the Ignition Switch in the Subject Vehicles (each term as defined in the *Agreed and Disputed Stipulations of Fact Pursuant to the Court's Supplemental Scheduling Order, Dated July 11, 2014*, filed on August 8, 2014 [ECF No. 12826], at 3).

I. <u>Statement Of Issues To Be Presented On Appeal</u>.

The Appellants submit the following statement of issues on appeal:

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

2. Did the Bankruptcy Court err in entering a Judgment providing for enforcement of the Sale Order by enjoining and barring claims asserted against New GM where such claims "concern[] an Old GM vehicle or part," and through the creation of procedures for staying, striking or dismissing such claims?

3. Did the Bankruptcy Court err in holding that the Ignition Switch Plaintiffs must demonstrate prejudice in order to establish a due process violation in connection with the entry or enforcement of the Sale Order?

4. Did the Bankruptcy Court err in holding that the Ignition Switch Plaintiffs failed to demonstrate prejudice in connection with the entry or enforcement of the Sale Order?

5. Did the Bankruptcy Court err in failing to consider the allegations of New GM's improper concealment of the Ignition Switch Defect in connection with the entry or enforcement of the Sale Order?

6. Did the Bankruptcy Court err by not providing the Ignition Switch Plaintiffs the opportunity for further development of the factual record in connection with the enforcement of the Sale Order, including, without limitation, as to the issue of prejudice, upon the Bankruptcy Court's determination that the Ignition Switch Plaintiffs had to demonstrate such prejudice in order to establish a due process violation in connection with the entry or enforcement of the Sale Order?

7. Did the Bankruptcy Court err in applying the doctrine of equitable mootness to the claims of the Ignition Switch Plaintiffs?

8. Did the Bankruptcy Court err in holding that the rulings in the Decision and the Judgment shall apply to any other plaintiffs not represented by Designated Counsel?

II. <u>Designation Of Items To Be Included In The Record On Appeal</u>.

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

Item No.	Document	Filing Date	ECF No.
1	Motion for Sale of Property under Section 363(b)/Debtors' Motion Pursuant to 11 U.S.C. §§ 105, 363(b), (f), (k), and (m), and 365 and Fed. R. Bankr. P. 2002, 6004, and 6006, to (I) Approve (A) The Sale Pursuant to The Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC, A U.S. Treasury-Sponsored Purchaser, Free and Clear of Liens, Claims, Encumbrances, and Other Interests; (B) The Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Other Relief; and (II) Schedule Sale Approval Hearing	6/1/2009	92
2	Memorandum of Law In Support of Debtors' Motion Pursuant To 11 U.S.C. §§ 105, 363(b), (f), (k), (m) and 365, and Fed. R. Bankr. P. 2002, 6004 and 6006, to (I) Approve (A) The Sale Pursuant to The Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC	6/1/2009	105
3	Certificate of Service (First Day Motion Service)	6/1/2009	134
4	Order Approving Procedures for Sale of Debtors' Assets Pursuant to The Master Sale and Purchase Agreement with Vehicle Acquisition Holdings LLC, A U.S. Treasury-Sponsored Purchaser, Scheduling Bid Deadline and Sale Hearing Date, Establishing Assumption and Assignment Procedures and Fixing Notice Procedures and Approving Form of Notice	6/2/2009	274
5	Notice of Filing of the Amended Master Sale and Purchase Agreement and Certain Exhibits of the Disclosure Schedule Thereto	6/27/2009	2649
6	Declaration/Certificate of Publication of Notice of Sale Hearing	6/29/2009	2757

Item No.	Document	Filing Date	ECF No.
7	Declaration/Certificate of Publication of Notice of Commencement of Chapter 11 Cases and First Day Hearing	7/1/2009	2910
8	Decision on Debtors' Motion for Approval of (1) Sale of Assets to Vehicle Acquisition Holdings LLC; (2) Assumption and Assignment of related Executory Contracts; and (3) Entry Into UAW Retiree Settlement Agreement	7/5/2009	2967
9	Order (I) Authorizing Sale of Assets Pursuant to Amended and Restated Master Sale and Purchase Agreement with NGMCO, Inc., a U.S. Treasury-Sponsored Purchaser; (II) Authorizing Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale; and (III) Granting Related Relief	7/5/2009	2968
10	Errata Order Regarding Decision on Debtors' Motion for Approval of (1) Sale of Assets to Vehicle Acquisition Holdings LLC; (2) Assumption and Assignment of Related Executory Contracts; and (3) Entry Into UAW Retiree Settlement Agreement	7/6/2009	2985
11	Transcript regarding Hearing Held on 7/2/09 9:02 AM Regarding Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. Section 363(b) Authorizing and Approving Settlement Agreements with Certain Unions; Debtors' Motion Pursuant to Bankruptcy Code 105(a), 361, 362, 363, 364, and 507 and Bankruptcy Rule 2002, 4001, and 6004 to Amend DIP Credit Facility; Continuation of GM 363 Sale Hearing	7/8/2009	3062
12	Transcript regarding Hearing Held on 6/30/09 10:07 AM Regarding Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. Section 363(b) Authorizing and Approving Settlement Agreements with Certain Unions; Debtors' Motion Pursuant to Bankruptcy Code 105(a), 361, 362, 363, 364, and 507 and Bankruptcy Rule 2002, 4001, and 6004 to Amend DIP Credit Facility; Continuation of GM 363 Sale Hearing	7/8/2009	3087
13	Transcript regarding Hearing Held on 7/1/09 7:59 AM Regarding Motion of the Debtors for Entry of Order Pursuant to 11 U.S.C. Section 363(b) Authorizing and Approving Settlement Agreements with Certain Unions; Debtors' Motion Pursuant to Bankruptcy Code 105(a), 361, 362, 363, 364, and 507 and Bankruptcy Rule 2002, 4001, and 6004 to Amend DIP Credit Facility; Continuation of GM 363 Sale Hearing	7/15/2009	3205

Item No.	Document	Filing Date	ECF No.
14	Debtors' Motion for Order Pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3) Establishing the Deadline for Filing Proofs of Claim (Including Claims Under Section 503(b)(9) of the Bankruptcy Code) and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof	9/2/2009	3940
15	Affidavit of Service of the Notice and Motion for Order Pursuant to Section 502(b)(9) of the Bankruptcy Code and Bankruptcy Rule 3003(c)(3), Establishing the Deadline for Filing Proofs of Claim (Including Claims Under Section 503(B)(9) of the Bankruptcy Code) and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof	9/11/2009	4020
16	Order Establishing the Deadline For Filing Proofs of Claim (Including Claims Under Section 503(b)(9) of the Bankruptcy Code) and Procedures Relating Thereto and Approving the Form and Manner of Notice Thereof	9/16/2009	4079
17	Certificate of Publication of the Notice of Deadlines For Filing Proofs of Claim (Including Claims Under Section 503(b)(9) of the Bankruptcy Code (the General Notice) and the Notice of Deadline for Filing Proofs of Claim (the Local Notice))	1/5/2010	4724
18	Affidavit of Publication of Notice of Deadlines for Filing Certain Proofs of Claim	1/25/2010	4877
19	Affidavit of Service of 1) Debtors' Joint Chapter 11 Plan and 2) Disclosure Statement for Debtors' Joint Chapter 11 Plan	9/3/2010	6852
20	Debtors' Motion for an Order (I) Approving Notice of Disclosure Statement Hearing; (II) Approving Disclosure Statement; (III) Establishing a Record Date; (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan; (V) Approving Solicitation Packages; and Procedures for Distribution Thereof; (VI) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (VII) Approving the Form of Notices to Non-Voting Classes under the Plan	9/3/2010	6854

Item No.	Document	Filing Date	ECF No.
21	Affidavit of Service of Notice of Hearing on Debtors' Motion for an Order (I) Approving Notice of Disclosure Statement Hearing; (II) Approving Disclosure Statement; (III) Establishing a Record Date; (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan; (V) Approving Solicitation Packages and Procedures for Distribution Thereof; (VI) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (VII) Approving the Form of Notices to Non-Voting Classes Under the Plan	9/7/2010	6867
22	Notice of Certification of Publication of Notice of Hearing to Consider Approval of Debtors' Proposed Disclosure Statement with Respect to Debtors' Joint Chapter 11 Plan	10/5/2010	7239
23	Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan	12/7/2010	8014
24	Debtors' Amended Joint Chapter 11 Plan	12/7/2010	8015
25	Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan	12/8/2010	8023
26	Affidavit of Service of Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan and Debtors' Amended Joint Chapter 11 Plan	12/8/2010	8024
27	Order Granting Motion (I) Approving Notice Of Disclosure Statement Hearing; (II) Approving Disclosure Statement; (III) Establishing a Record Date; (IV) Establishing Notice and Objection Procedures for Confirmation of the Plan; (V) Approving Notice Packages and Procedures for Distribution Thereof; (VI) Approving the Forms of Ballots and Establishing Procedures for Voting on the Plan; and (VII) Approving the Form of Notices to Non-Voting Classes Under the Plan	12/8/2010	8043
28	Affidavit of Service of Disclosure Statement for Debtors' Amended Joint Chapter 11 Plan	12/10/2010	8053
29	Affidavit of Publication of the Notice of (I) Approval of Disclosure Statement; (II) Establishment of Record Date; (III) Hearing on Confirmation of the Plan and Procedures for Objecting To Confirmation of the Plan; (IV) Procedures and Deadline for Voting on the Plan; and (V) Administrative Expense Claim Bar Date	1/18/2011	8673

Item No.	Document	Filing Date	ECF No.
30	Amended Affidavit of Publication of Notice of (I) Approval of Disclosure Statement; (II) Establishment of Record Date; (III) Hearing on Confirmation of the Plan and Procedures for Objecting To Confirmation of the Plan; (IV) Procedures and Deadline for Voting on the Plan; and (V) Administrative Expense Claim Bar Date (related document ECF No. 8673)	1/21/2011	8788
31	Amended Affidavit of Publication of Notice of (I) Approval of Disclosure Statement; (II) Establishment of Record Date; (III) Hearing on Confirmation of the Plan and Procedures for Objecting To Confirmation of the Plan; (IV) Procedures and Deadline for Voting on the Plan; and (V) Administrative Expense Claim Bar Date (related document ECF No. 8788)	2/16/2011	9277
32	Debtors' Second Amended Joint Chapter 11 Plan	3/18/2011	9836
33	Affidavit of Service of Debtors' Second Amended Joint Chapter 11 Plan	3/21/2011	9845
34	Findings of Fact and Conclusions of Law and Order Pursuant to Sections 1129(A) and (B) of the Bankruptcy Code and Rule 3020 Of The Federal Rules Of Bankruptcy Procedure Confirming Debtors Second Amended Joint Chapter 11 Plan	3/29/2011	9941
35	Corrected Notice of Occurrence of Effective Date of Debtors' Second Amended Joint Chapter 11 Plan	4/6/2011	10056
36	Notice of (I) Entry of Order Confirming Debtors' Second Amended Joint Chapter 11 Plan and (II) Occurrence of Effective Date	5/3/2011	10151
37	Notice of Certification of Publication of the Notice of (I) Entry of Order Confirming Debtors' Second Amended Joint Chapter 11 Plan and (II) Occurrence of Effective Date	5/10/2011	10214
38	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of June 30, 2011	8/1/2011	10648
39	Supplemental Status Report - Supplement to Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of June 30, 2011	9/14/2011	10874
40	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of September 30, 2011	10/28/2011	11090

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

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

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

Item No.	Document	Filing Date	ECF No.
73	Notice of Presentment of Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed By Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929, filed on behalf of Wilmington Trust Company as trustee and administrator of GUC Trust	7/1/2014	12754
74	Letter to the Honorable Robert E. Gerber from Jonathan Flaxer, on behalf of Groman Plaintiffs, Regarding Proposed Counter-Order to Proposed Supplemental Scheduling Order	7/1/2014	12755
75	Notice of Presentment of Counter Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed By Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929, filed on behalf of Groman Plaintiffs	7/1/2014	12756
76	Order Granting Motion of General Motors LLC to Establish Stay Procedures for Newly-Filed Ignition Switch Actions	7/8/2014	12764
77	Supplemental Scheduling Order Regarding (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, (II) Objection Filed by Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929	7/11/2014	12770
78	Fifth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	7/21/2014	12780
79	Fifth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	7/21/2014	12781
80	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of June 30, 2014	7/25/2014	12786
81	Decision with Respect to No Stay Pleading (Phaneuf Plaintiffs)	7/30/2014	12791
82	Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce this Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	8/1/2014	12807

Item No.	Document	Filing Date	ECF No.
83	Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	8/1/2014	12808
84	Endorsed Order, Approving General Motors Letter filed on 8/1/2014 (ECF No. 12809) Regarding Proposed Page Limits for Briefs	8/4/2014	12810
85	Order Denying the Relief Requested by the Phaneuf Plaintiffs in Their No Stay Pleading	8/4/2014	12811
86	Endorsed Order, Adding Matters Raised in New GM August 1, 2014 Letter (ECF No. 12806) to Calendar for August 18 Conference	8/4/2014	12812
87	Notice of (A) Filing of (I) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions), and (II) Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce this Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuit, and (B) Conference to be held in Connection with Such Motions on 8/18/2014, filed on behalf of General Motors LLC	8/4/2014	12813
88	Decision with Respect to No Stay Pleading and Related Motion to Dismiss for Lack of Subject Matter Jurisdiction (Elliot Plaintiffs)	8/6/2014	12815
89	Sixth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/7/2014	12818
90	Sixth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/7/2014	12819
91	Agreed and Disputed Stipulations of Fact Pursuant to the Court's Supplemental Scheduling Order, Dated July 11, 2014	8/8/2014	12826
92	Letter to the Honorable Robert E. Gerber from Arthur Steinberg on behalf of General Motors LLC, Pursuant to July 11, 2014 Supplemental Scheduling Order Regarding Agreed Upon & Disputed Stipulations of Fact	8/8/2014	12827

Item No.	Document	Filing Date	ECF No.
93	Order Denying the Relief Requested in Plaintiffs Lawrence and Celestine Elliott's No Stay Pleading Pursuant to the Court's Scheduling Orders and Motion for Order of Dismissal for Lack of Subject Matter Jurisdiction Pursuant to Bankr. R. 7012(b) and for Related Relief	8/12/2014	12834
94	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of June 30, 2014	8/13/2014	12838
95	Seventh Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/14/2014	12843
96	Seventh Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	8/14/2014	12844
97	Letter to the Honorable Robert E. Gerber from Sander L. Esserman on behalf of Designated Counsel, Regarding Threshold Issues	8/15/2014	12854
98	Letter to the Honorable Robert E. Gerber from Daniel Golden on behalf of Akin Gump Strauss Hauer & Feld LLP, Regarding Threshold Issues Letters	8/15/2014	12856
99	"Limited" No Stay Pleading, filed on behalf of the People of the State of California	8/19/2014	12862
100	Endorsed Order, Approving Briefing Schedule Proposed in 8/21/2014 New GM Letter Regarding Four Threshold Issues (related document ECF No. 12867)	8/22/2014	12869
101	Response by General Motors LLC to the "Limited" No Stay Pleading Filed by the Orange County Plaintiff in Connection with the Court's July 8, 2014 Order Establishing Stay Procedures for Newly-Filed Cases, filed on behalf of General Motors LLC	8/29/2014	12876
102	Letter to the Honorable Robert E. Gerber from Arthur Steinberg on behalf of General Motors LLC, Regarding Revised Scheduling Orders and Stay Stipulations In Connection With Additional Motions to Enforce	9/10/2014	12890
103	Scheduling Order Regarding Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce this Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	9/15/2014	12897

Item No.	Document	Filing Date	ECF No.
104	Scheduling Order Regarding Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	9/15/2014	12898
105	Transcript of August 18, 2014 Hearing Regarding Threshold Issues Letters, filed pursuant to the Supplemental Scheduling Order, Dated July 11, 2014	8/21/2014	12899
106	Eighth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	9/18/2014	12906
107	Eighth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	9/18/2014	12907
108	Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	9/18/2014	12908
109	Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	9/18/2014	12909
110	Errata Order Regarding Decision with Respect to No Stay Pleading (Phaneuf Plaintiffs) (ECF No. 12791)	10/2/2014	12934
111	Ninth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/6/2014	12938
112	Ninth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/6/2014	12939
113	Second Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	10/6/2014	12940

Item No.	Document	Filing Date	ECF No.
114	Second Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	10/6/2014	12941
115	Supplement to the Chart of Pre-Closing Accident Lawsuits Set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	10/6/2014	12942
116	Tenth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/15/2014	12950
117	Tenth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	10/15/2014	12951
118	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of September 30, 2014	10/24/2014	12963
119	Eleventh Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	11/5/2014	12976
120	Eleventh Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	11/5/2014	12978
121	Third Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	11/5/2014	12979
122	Third Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	11/5/2014	12980
123	Opening Brief by General Motors LLC on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	11/5/2014	12981

Item No.	**Document**	**Filing Date**	**ECF No.**
124	Appendix of Exhibits for Opening Brief by General Motors LLC on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	11/5/2014	12982
125	Consolidated Class Action Complaint Against New GM for Recalled Vehicles Manufactured By Old GM and Purchased Before July 11, 2009 or Later, In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (JMF) (S.D.N.Y. Oct. 14, 2014) (ECF No. 347)	11/5/2014	12982-13
126	Consolidated Complaint Concerning All GM-Branded Vehicles that were Acquired July 11, 2009 or Later, In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (JMF) (S.D.N.Y. Oct. 14, 2014) (ECF No. 345)	11/5/2014	12982-14
127	The Participating Unitholders' and GUC Trust Administrator's Opening Memorandum of Law Respecting the Equitable Mootness Threshold Issue	11/5/2014	12983
128	Declaration of Deborah J. Newman in Support of the Participating Unitholders' and GUC Trust Administrator's Opening Memorandum of Law Respecting the Equitable Mootness Threshold Issue	11/5/2014	12984
129	Written Opinion signed on 11/10/2014 Regarding Decision with Respect to No Stay Pleading, and Related Motion for Abstention Regarding Sesay Plaintiffs	11/10/2014	12989
130	GUC Trust Quarterly GUC Trust Report as of September 30, 2014	11/12/2014	12997
131	Transcript of Hearing Held on 7/2/2014 9:46 AM Regarding "No Stay Pleadings" filed in Connection with Scheduling Order Regarding (I) Motion of General Motors, LLC Pursuant to 11 U.S.C. Sections 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction, and (II) Objection Filed by Certain Plaintiffs in Respect Thereto, and (III) Adversary Proceeding No. 14-01929 (ECF No. 12697)	11/11/2014	13001
132	Transcript of Hearing Held on 8/5/2014 9:49 AM Regarding Plaintiffs Lawrence and Celestine Elliott's No Stay Pleading Pursuant to the Court's Scheduling Orders and Motion for Order of Dismissal for lack of subject matter jurisdiction pursuant to Bankr. R. 7012(B) and for related relief	11/21/2014	13003

Item No.	Document	Filing Date	ECF No.
133	Twelfth Supplement to Schedule “1” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction	12/1/2014	13009
134	Twelfth Supplement to Schedule “2” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction	12/1/2014	13010
135	Fourth Supplement to Schedule “1” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	12/1/2014	13011
136	Fourth Supplement to Schedule “2” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	12/1/2014	13012
137	Thirteenth Supplement to Schedule “1” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction	12/8/2014	13016
138	Thirteenth Supplement to Schedule “2” to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court’s July 5, 2009 Sale Order and Injunction	12/8/2014	13017
139	Responsive Brief of Designated Counsel for Pre-Closing Accident Plaintiffs on Threshold Issues Concerning New GM’s Motions to Enforce the Sale Order and Injunction	12/16/2014	13021
140	Response by General Motors LLC Regarding the Equitable Mootness Threshold Issue	12/16/2014	13024
141	Designated Counsel’s Opposition to New GM’s Motions for Enforcement of Sale Order and Injunction	12/16/2014	13025
142	Declaration of Edward S. Weisfelner in Support of Designated Counsel’s Opposition to New GM’s Motions for Enforcement of Sale Order and Injunction	12/16/2014	13026
143	Anton R. Valukas, Report to Board of Directors of General Motors Company Regarding Ignition Switch Recalls, dated May 29, 2014	12/16/2014	13026-2

Item No.	Document	Filing Date	ECF No.
144	Consent Order, In re TQ14-001 NHTSA Recall No. 14V-047 (U.S. Dep't of Transp. May 16, 2014)	12/16/2014	13026-4
145	Declaration of Steve W. Berman in Support of Designated Counsel's Opposition to New GM's Motions for Enforcement of Sale Order and Injunction	12/16/2014	13027
146	The Groman Plaintiffs' Response to that Part of New GM's Opening Brief Regarding the "Fraud on the Court Legal Standard"	12/16/2014	13028
147	Designated Counsel's Response to the Participating Unitholders' and GUC Trust Administrator's Opening Memorandum of Law Respecting the Equitable Mootness Threshold Issue	12/16/2014	13029
148	Response of GUC Trust Administrator and Participating Unitholders to New GM's Opening Brief on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	12/16/2014	13030
149	Declaration of Lisa H. Rubin, Esq.	12/16/2014	13031
150	Corrected Exhibit 14 to the Declaration of Lisa Rubin, Esq.	12/17/2014	13032
151	Fourteenth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	12/24/2014	13038
152	Fourteenth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction	12/24/2014	13039
153	Administrative Order Signed on 1/13/2015 Regarding Oral Argument on the Motion to Enforce and Related Matters	1/13/2015	13044
154	The Participating Unitholders' and GUC Trust Administrator's Reply Memorandum of Law Respecting the Equitable Mootness Threshold Issue	1/16/2015	13047
155	Reply Brief by General Motors LLC on Threshold Issues Concerning its Motions to Enforce the Sale Order and Injunction	1/16/2015	13048
156	Appendix of Exhibits to Reply Brief By General Motors LLC on Threshold Issues Concerning Its Motions To Enforce the Sale Order and Injunction	1/16/2015	13049

Item No.	Document	Filing Date	ECF No.
157	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of December 31, 2014	1/20/2015	13051
158	Endorsed Order Signed on 1/28/2015 Regarding Overall Time Requests and Proposed Sequence of Oral Argument	1/28/2015	13059
159	Second Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	1/28/2015	13060
160	Endorsed Order Signed on 1/30/2015 Regarding Letter to the Honorable Robert E. Gerber Pursuant to January 28, 2015 Endorsed Order Regarding Oral Argument and Related Matters (ECF No. 13064)	1/30/2015	13066
161	Letter to the Honorable Robert E. Gerber in accordance with the Court's Administrative Order, entered on January 13, 2015 [ECF No. 13044], First Endorsed Order, entered on January 28, 2015 [ECF No. 13059], and Second Endorsed Order, entered on January 30, 2015 [ECF No. 13066], filed on behalf of The People of the State of California	2/2/2015	13072
162	Response to Letter, dated February 2, 2015, Submitted by the State of California Regarding Oral Argument (ECF No. 13072)	2/3/2015	13073
163	Endorsed Order Signed on 2/9/2015 Regarding Letter Filed on behalf of The People of the State of California (ECF No. 13072)	2/9/2015	13078
164	Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of December 31, 2014	2/12/2015	13082
165	Third Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	2/13/2015	13083
166	Transcript Regarding Hearing Held on 2/18/2015 9:00 AM Regarding Oral Argument on Motion to Enforce	2/20/2015	13096
167	Fourth Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	3/23/2015	13097

Item No.	Document	Filing Date	ECF No.
168	Fifth Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	4/15/2015	13108
169	Decision on Motion to Enforce Sale Order	4/15/2015	13109
170	Motors Liquidation Company GUC Trust Quarterly Section 6.2(c) Report and Budget Variance Report as of March 31, 2015	4/22/2015	13118
171	Sixth Supplement to the Chart of Pre-Closing Accident Lawsuits set Forth in the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction Against Plaintiffs in Pre-Closing Accident Lawsuits	4/28/2015	13122
172	Fifth Supplement to Schedule "1" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	4/28/2015	13123
173	Fifth Supplement to Schedule "2" to the Motion of General Motors LLC Pursuant to 11 U.S.C. §§ 105 and 363 to Enforce the Court's July 5, 2009 Sale Order and Injunction (Monetary Relief Actions, Other than Ignition Switch Actions)	4/28/2015	13124
174	Joint Letter on Behalf of GUC Trust and the GUC Trust Unitholders (Regarding Proposed Form of Judgment)	5/12/2015	13135
175	Letter Regarding Proposed Judgment in Connection to Decision On Motion To Enforce Sale Order, filed by New GM	5/12/2015	13136
176	Joint Letter Enclosing Proposed Judgment of Co-Designated Counsel and Counsel for Economic Loss Plaintiffs and Designated Counsel and Counsel for Ignition Switch Pre-Closing Accident Plaintiffs in Response to April 15, 2015 Decision (ECF No. 13109) and Endorsed Order, dated May 5, 2015 (ECF No. 13131)	5/12/2015	13137
177	Amended and Restated Exhibits 2 and 3 to Letter Regarding Proposed Judgment In Connection To Decision On Motion To Enforce Sale Order, filed by New GM	5/12/2015	13139
178	Letter Regarding Proposed Judgment, filed on behalf of Groman Plaintiffs	5/12/2015	13141

Item No.	Document	Filing Date	ECF No.
179	Status Report/Motors Liquidation Company GUC Trust Quarterly GUC Trust Reports as of March 31, 2015	5/22/2015	13158
180	Decision RE: Form of Judgment	5/27/2015	13162
181	Order RE: Technical Matters Concerning Judgment	5/27/2015	13163
182	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Judgment, filed by Gary Peller on behalf of Elliot Plaintiffs	5/29/2015	13169
183	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Proposed Judgment, filed by Arthur Steinberg on behalf of General Motors LLC	5/29/2015	13171
184	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Proposed Judgment, filed by William Weintraub on behalf of Ignition Switch Plaintiffs in Pre-Closing Accident Lawsuits	5/29/2015	13172
185	Letter to the Honorable Robert E. Gerber Regarding Technical Matters Concerning Proposed Judgment, filed by Lisa Rubin on behalf of Wilmington Trust Company	5/29/2015	13173
186	Letter to the Honorable Robert E. Gerber Regarding Certification of Direct Appeal/Request for Procedural Stay, filed by Arthur Steinberg on behalf of General Motors LLC	5/29/2015	13174
187	Letter to the Honorable Robert E. Gerber Responding to Letter Filed by Gary Peller, dated May 29, 2015 (ECF No. 13169), filed by Arthur Steinberg on behalf of General Motors LLC	6/1/2015	13176
188	Judgment	6/1/2015	13177
189	Order Certifying Judgment for Direct Appeal to Second Circuit	6/1/2015	13178
190	Amended Notice of Appeal, filed on behalf of Elliot Plaintiffs	6/1/2015	13179
191	Amended Notice of Appeal, filed on behalf of Sesay Plaintiffs	6/1/2015	13180
192	Notice of Appeal, filed on behalf of Ignition Switch Plaintiffs	6/2/2015	13185
193	Notice of Appeal, filed on behalf of Pre-Closing Accident Plaintiffs	6/10/2015	13194
194	Notice of Cross-Appeal, filed on behalf of General Motors LLC	6/12/2015	13200

Item No.	Document	Filing Date	ECF No.
195	Notice of Cross-Appeal, filed on behalf of Wilmington Trust Company	6/15/2015	13204
196	Notice of Appeal, filed on behalf of Groman Plaintiffs	6/16/2015	13209
197	Transcript for Hearing Held on 5/2/2014 at 9:46 AM Regarding Status Conference, Groman, et al. v. General Motors LLC (In re Motors Liquidation Corp.), Case No. 09-50026, Adv. Pro. No. 14-01929 (Bankr. S.D.N.Y. April 21, 2014) (ECF No. 16), attached hereto as **Exhibit 1**		
198	Transcript Regarding Hearing Held on 2/17/2015 9:00 AM Regarding Oral Argument on Motion to Enforce, attached hereto as **Exhibit 2**		
199	MDL Order No. 13 (Organization of Plaintiffs' Counsel, Protocols for Common Benefit Work and Expenses), In re General Motors LLC Ignition Switch Litigation, Case No. 14-md-2543 (JMF) (S.D.N.Y. Sept. 16, 2014) (ECF No. 304), attached hereto as **Exhibit 3**		
200	Notice of Errata and Correction to the Consolidated Class Action Complaint Against New GM for Recalled Vehicles Manufactured by Old GM and Purchased Before July 11, 2009, In re General Motors LLC Ignition Switch Litigation, No. 14-MD-2543 (S.D.N.Y. Nov. 3, 2014) (ECF No. 379), attached hereto as **Exhibit 4**		
201	House of Representatives, Subcommittee on Oversight and Investigations, Committee on Energy and Commerce, *The GM Ignition Switch Recall: Why Did It Take So Long?* Transcript (Washington, D.C. April 1, 2014) ("**Apr. 1 Cong. Hr'g**"), attached hereto as **Exhibit 5**		
202	Apr. 1 Cong. Hr'g, Doc. 8 (GMHEC000001727-41), attached hereto as **Exhibit 6**		
203	Apr. 1 Cong. Hr'g, Doc. 9 (GMHEC000001742-54), attached hereto as **Exhibit 7**		
204	Apr. 1 Cong. Hr'g, Doc. 12 (December 2005 Service Bulletin No. 05-02-35-007), attached hereto as **Exhibit 8**		
205	General Motors Company, GM Redoubles Safety Efforts, Announces New Recalls (Form 8-K Exhibit 99.1) (March 17, 2014), attached hereto as **Exhibit 9**		

Item No.	Document	Filing Date	ECF No.
206	General Motors Company, GM Announces 5 Safety Recalls (Form 8-K Exhibit 99.1) (May 15, 2014), attached hereto as **Exhibit 10**		
207	General Motors Company, GM Will Rework or Replace Keys on 3.16 Million U.S. Cars (Form 8-K Exhibit 99.1) (June 16, 2014), attached hereto as **Exhibit 11**		
208	General Motors Company, GM Announces Six Safety Recalls (Form 8-K Exhibit 99.1) (June 30, 2014), attached hereto as **Exhibit 12**		
209	General Motors Company, Annual Report (for the fiscal year ended December 31, 2009) (Form 10-K) (April 7, 2010), attached hereto as **Exhibit 13**		
210	General Motors Company, Annual Report (for the fiscal year ended December 31, 2010) (Form 10-K) (March 1, 2011), attached hereto as **Exhibit 14**		
211	General Motors Company, 2010 Annual Report, dated March 1, 2011, attached hereto as **Exhibit 15**		
212	General Motors Company, 2011 Annual Report, dated February 27, 2012, attached hereto as **Exhibit 16**		
213	General Motors Company, 2012 Annual Report, dated February 15, 2013, attached hereto as **Exhibit 17**		
214	General Motors Company, 2013 Annual Report, dated February 6, 2014, attached hereto as **Exhibit 18**		
215	Motors Liquidation Company GUC Trust, Initial Distribution (Form 8-K) (dated April 21, 2011, filed April 27, 2011), attached hereto as **Exhibit 19**		
216	Motors Liquidation Company GUC Trust, Current Report (Form 8-K) (May 16, 2014), attached hereto as **Exhibit 20**		
217	Motors Liquidation Company GUC Trust, Annual Report (for the fiscal year ended March 31, 2014) (Form 10-K) (May 22, 2014), attached hereto as **Exhibit 21**		

Dated: July 14, 2015
New York, New York

Respectfully submitted,

BROWN RUDNICK LLP

By: *__/s/ Edward S. Weisfelner__*
Edward S. Weisfelner
David J. Molton
May Orenstein
Howard S. Steel
Seven Times Square
New York, New York 10036
T: 212-209-4800
E: eweisfelner@brownrudnick.com
E: dmolton@brownrudnick.com
E: morenstein@brownrudnick.com
E: hsteel@brownrudnick.com

-and-

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, P.C.
Sander L. Esserman
2323 Bryan Street, Suite 2200
Dallas, Texas 75201
T: 214-969-4900
E: esserman@sbep-law.com

Designated Counsel for Ignition Switch Plaintiffs

EXHIBIT 1

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
- x
In the Matter of:
Chapter 11
MOTORS LIQUIDATION COMPANY, Case No.: 09-50026(REG)
et al, f/k/a General Motors (Jointly Administered)
Corp., et al.,

Debtors.
- x
STEVEN GROMAN, ROBIN DELUCO,
ELIZABETH Y. GRUMET, ABC
FLOORING, INC., MARCUS
SULLIVAN, KATELYN SAXSON, Adv. Pro. No.:
AMY C. CLINTON, AND ALLISON 14-01929(REG)
C. CLINTON, on behalf of
themselves, and all other
similarly situated,
Plaintiffs,
v.
GENERAL MOTORS LLC,
Defendant.
- x

U.S. Bankruptcy Court
One Boling Green
New York, New York

May 2, 2014
9:46 AM

B E F O R E :
HON ROBERT E. GERBER
U.S. BANKRUPTCY JUDGE

Hearing re: Status Conference

Transcribed by: Dawn South and Sheila Orms

A P P E A R A N C E S :

KING & SPALDING LLP
Attorneys for General Motors LLC
1185 Avenue of the Americas
New York, NY 10036-4003

BY: ARTHUR J. STEINBERG, ESQ.
SCOTT DAVIDSON, ESQ.

KIRKLAND & ELLIS
Attorney for New GM
300 North LaSalle
Chicago, IL 60654

BY: RICHARD C. GODFREY, P.C., ESQ.

GOLENBOCK EISEMAN ASSOR BELL & PESKOE LLP
Attorneys for the Plaintiffs
437 Madison Avenue
New York, NY 10022

BY: JONATHAN FLAXER, ESQ.
S. PRESTON RICARDO, ESQ.

GIBSON, DUNN & CRUTCHER LLP
Attorney for Motors Liquidation GUC Trust
200 Park Avenue
New York, NY 10166-0193

BY: KEITH R. MARTORANA, ESQ.

ROBINSON CALCAGNIE ROBINSON SHAPIRO DAVIS, INC.
Attorney for Ratzlaff, et al.
19 Corporate Plaza Drive
Newport Beach, CA 92660

BY: MARK P. ROBINSON, JR., ESQ.

GOODWIN ROCTER LLP
Attorneys for the South Texas Plaintiffs
The New York Times Building
620 Eighth Avenue
New York, NY 10018

BY: WILLIAM P. WEINTRAUB, ESQ.
EAMONN O'HAGAN, ESQ.

BROWN RUDNICK LLP

Attorneys for Ratzlaff, et al.

Seven Times Square

New York, NY 10036

BY: EDWARD WEISFELNER, ESQ.

DAVID J. MOLTON, ESQ.

HOWARD STEEL, ESQ.

AKIN GUMP STRAUSS HAUER & FELD LLP

Attorneys for Holders of Units in the GUC Trust

One Bryant Park

New York, NY 10036-6745

BY: NAOMI MOSS, ESQ.

DANIEL GOLDEN, ESQ.

OTTERBOURG

230 Park Avenue

New York, NY 10169

BY: DAVID M. POSNER, ESQ.

LOWENSTEIN SANDLER LLP
Attorney for Plaintiffs Darby and Jones
65 Livingston Avenue
Roseland, NJ 07068

BY: JOHN K. SHERWOOD, ESQ.

LOWENSTEIN SANDLER LLP
Attorney for Plaintiffs Darby and Jones
1251 Avenue of the Americas
New York, NY 10020

BY: MICHAEL S. ETKIN, ESQ.

UNITED STATES DEPARTMENT OF JUSTICE
Attorney for the U.S. Trustee
U.S. Federal Office Building
201 Varick Street
Suite 1006
New York, NY 10014

BY: BRIAN MASUMOTO, ESQ.

CAPLIN & DRYSDALE, CHARTERED
One Thomas Circle, NW
Suite 1100
Washington, DC 20005

BY: PETER VAN N. LOCKWOOD, ESQ.

CAPLIN & DRYSDALE, CHARTERED
600 Lexington Avenue
21st Floor
New York, NY 10022-7619

BY: ELIHU INSELBUCH, ESQ.

STUZMAN, BROMBERG, ESSERMAN & PLIFKA
2323 Bryan Street
Suite 2200
Dallas, TX 75201-2689

BY: SANDER L. ESSERMAN, ESQ.

KELLEY DRYE & WARREN LLP
101 Park Avenue
New York, NY 10178

BY: BENJAMIN D. FEDER, ESQ.

PACHULSKI STANG ZIEHL & JONES
Attorney for Plaintiffs
780 Third Avenue
36th Floor
New York, NY 10017-2024

BY: MARIA A. BOVE, ESQ.

BECNEL LAW FIRM, LLC
Attorney for Jomaka Coleman, et al.
425 West Airline Highway
Suite B
Laplace, LA 70068

BY: DANIEL BECNEL, JR., ESQ. (TELEPHONIC)

P R O C E E D I N G S

THE COURT: Good morning, have seats, please. I know most of you at the counsel table. Mr. Steinberg, with you is whom?

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

MR. GODREY: Richard Godfrey, Your Honor.

MR. STEINBERG: From Kirkland.

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

MR. GODREY: Good morning, Your Honor.

THE COURT: I know Mr. Weisfelner, Mr. Inselbuch, Mr. Esserman, and Mr. Flaxer. As others want to be heard I'll give them that opportunity as we go along.

Within limits I'm going allow parties to be heard as they see fit, but I have some preliminary comments.

I haven't read all 3,500 pages of the filings that have come in in the last ten days, but I've read New GM's motion, Mr. Flaxer's complaint, Mr. Weisfelner's objection, and have also read all of counsel's letters and the various proposed agenda items.

I think I have a pretty decent handle on the issues that are going to need to be addressed today and the issues that are going to need to be addressed in the upcoming several months, but I'm less clear as to the extent to which all of the issues are already on the table.

Identifying the issues that are going to need to be teed up for judicial determination, or more exactly figuring out how and when they're going to be put on the table, is one of the primary purposes of the conference today.

I think everybody understands or should that today is not the day to argue the merits of any of your respective positions or especially calling either side names. It's instead to, as I said, identify the issues that need to be addressed and to establish a fair means for getting the issues judicially determined.

I appreciate the efforts of Mr. Steinberg and Mr. Weisfelner and Mr. Inselbuch, Esserman, and Flaxer in conferring before we got here to avoid inefficiencies and to set up the orderly process for teeing these issues up. You got pretty far and I'll take care of the rest.

As you'll hear momentarily I have a number of tentatives, as that expression is used in California and elsewhere in the Ninth Circuit, which are my inclinations as to how to proceed, subject to your rights to be heard, but I have some expectations as to an orderly discussion, no histrionics, no repetition. I also have some questions and concerns that I want you to address when it's your turn.

Starting with my questions.

I gather there are now about 60 class actions and a couple of individual actions pending against New GM in various parts of the country with respect to the ignition switches in some way, but I have only a partial understanding of what the claims typically characterized as for economic loss are.

I'd understood, rightly or wrongly, that New GM voluntarily assumed liability for wrongful death, personal injury, and property damage with respect to any "incidents or occurrences," which I understood to be things like wrecks or fires or of course death or injury, that took place after the sale in July of 2009.

I also understood that New GM had undertaken responsibility for satisfying the glove box warranty and for complying with state lemon laws.

But I need to get a handle on what's left. What is left that has engendered 60 class actions across the country? And obviously I'll hear your respective views on that. I got a pretty good sense of the legal theories that were invoked, vis-à-vis that economic loss, but I still don't understand exactly what we're talking about.

Mr. Inselbuch's April 24th letter identifies an issue as to whether claims against New GM, statutory or otherwise, based on post-sale conduct of New GM are subject to my orders. Mr. Esserman's April 23rd letter and Mr. Weinberg's -- I don't see Mr. Weinberg, is he here somewhere? Oh, yeah there is he, okay. April 30 letters raise whey I understand to be the same issue.

To what extent, and I guess this is mainly for you, Mr. Steinberg, is there a dispute on that? Or is the devil in the details turning on the whether the alleged wrongful conduct is wholly past sale or there's some other nuance that would make the question harder than it would appear at first blush? Help me get a better handle on what we're talking about in that regard.

A similar issue exists with respect to the lemon laws as mentioned in Mr. Esserman's April 23rd letter. Please address that as well.

Next, each of the Steinberg and Weisfelner letters talk about getting a sense as to how the majority of the class action plaintiffs are prepared to proceed. I underscore the word majority. When each of you use that term it suggested to me, rightly or wrongly, that the plaintiffs referred to were less than all of them. I think what you were able to accomplish was very, very helpful, but have some difficulty in seeing how that by itself would get me across the goal line.

The fact that all plaintiffs couldn't get behind three law firms -- and on this limited issue I think I can take judicial notice -- have some proven track record in addressing the interface between tort liability and bankruptcy law causes me some concern. Because as I said, I don't want repetition, and that includes making the same point in different ways. I need to hear from anybody who thinks those three firms aren't good enough why that's so, or conversely why they're not raising issues that need to be addressed. That's not to say that anybody who thinks up anything those firms couldn't can't be heard, but I need to know why and what's the problem.

I also want to hear from Mr. Flaxer, since he was the first and he was the only one that brought an adversary, and I don't put him in the category that I put all the others.

Next, Mr. Esserman speaks in his April 23rd letter, paragraph 5, of teeing up procedures for plaintiffs. I don't know if this is the class action plaintiffs he represents or all prospective plaintiffs, to show cause whether they have any claims against New GM not otherwise barred by the sale order and injunction.

You wrote that letter, Mr. Esserman, back on April 23rd and I gather you've had discussions with other folks since that time. I'd like you or Mr. Weisfelner, let me know whether you have any needs and concerns to get rulings on this that haven't been subsequently rolled into what needs to be addressed, and I'd like to ask the same with respect to the item you listed as number 7 in your letter, procedures under which, assuming the sale order stands without modification, under which plaintiffs might seek amendments to it.

Okay, now for my tentatives. I apologize to you all for speaking at such length.

As I said these are California tentatives, which are views I formed on a preliminary basis after reading the briefs and the letters but which are subject to your rights to be heard and which I'll obviously consider in the way of modifications based on whatever you tell me verbally.

First. Now that fraud on the Court has been taken off the list of threshold issues I'm not sure if there's a material difference in views or for that matter any difference in views on the threshold issues that need to be addressed at least insofar as the majority of the plaintiffs are concerned.

I'm inclined to consider as threshold issues the two remaining issues that were shown on Mr. Weisfelner's black line, and I'm also amenable and inclined to allow any other purely legal issues to be raised along with the so-called threshold issues, such as the discrimination argument, that is the argument that creditors with personal injury claims, death claims, property claims would be addressed by New GM whereas those with the so-called economic damage claims would not.

It seems to me, again subject to your rights to be heard, that the more appropriate means of demarcation between claims that can and should be considered as threshold issues and those that can be put and should put to a later time is to separate issues that can be addressed without discovery from those that can only be addressed with discovery and potentially a very burdensome or at least lengthy discovery process.

The principal players as I read the letters, New GM and the class action plaintiff steering committee seem to feel that they can win without discovery, and whether or not either side is right in that regard that seems to me, that is to deal with issues without discovery, to be the logical place to start since even if issues need to be further addressed or refined the early work that's accomplished would set the table for the work, if any, that needs to be considered next.

The corollary of that would seem to be that I need to reject the contentions of a couple of you, and I'm thinking of Mr. Esserman, your first -- your April 23rd letter and Mr. Etkin's April 30 letter, that we should now have discovery, and as I read your early letter, Mr. Esserman, what would seem to be pretty massive discovery early on and that such discovery should proceed on an expedited basis.

Once again I note that you, Mr. Esserman, are a member of the steering committee and your views may have evolved since April 23rd when you wrote that early letter.

Two. My tentative is not to interfere with the MDL's hearing now scheduled for May 29th, I think that's the date, and to permit the judicial panel and multidistrict litigation to rule on where pretrial proceedings with respect to any future litigation should proceed, but that would be under the understanding, at least under my understanding -- that's why I wanted you guys to be heard on it -- that everyone understands that to the extent I hereafter rule in a way that some or more than some of those now pending litigations before the MDL panel need to be put on hold or stopped in some other fashion, that I would be free to do that, including vis-à-vis, the multidistrict panel irrespective of what the MDL panel had accomplished up to that point in time.

Three. I share your view that anyone who's unwilling to agree to a temporary standstill that the majority seems to agree upon should come forward within a time certain either on the date that's already proposed, which I think was May 10, or some alternate date. More likely close to that, but if fairness requires a little more time that to my thinking would be okay.

Reading the submissions so far it's obvious that these are serious issues, and my general view -- call it a tentative or not -- is that rushing by a few days or even a few weeks on issues of this importance isn't in anybody's interest.

Fourth. I think we need to ascertain by a date to be agreed upon or set all of the issues that are on the table or that are to be decided even if they're not addressed as what I call Phrase I issues. I need your recommendation as to the best way to do that, and what deadline I should impose for parties to get their contentions on the table.

That wouldn't necessarily mean that they should all be briefed at that early time, and in fact my expectation would be that they wouldn't be, but I want to get the lay of the land on the issues that I'm going to be asked to rule upon.

Related to that was Mr. Flaxer's suggestion that a date should be set by which any and all interested parties should commence adversaries similar to the one he brought if they were of a mind to. My tentative is to agree with Mr. Flaxer's point in that regard.

Fifth. I want to accomplish as much as we can before we get bogged down in discovery. I like the idea of you guys agreeing on a stipulated record, but I don't like the variant of that, which I think was proposed by

Mr. Weisfelner, which was request for admissions. If things would be admitted they'd be stipulated to, and if they're not admitted they're going to result in disputed issues of fact as to which we're going to have to come up with some other mechanism, and Rule 35 requests for admissions is really nothing more than a cost shifting device any way.

So I want you guys when the time comes to really try to agree on everything you can agree upon consistent with your professional responsibilities and then identify issues as to which you agree to disagree and I'll decide then what to do about it.

Six. We have one adversary proceeding on file and one contested matter. Other adversaries may be filed consistent with the point Mr. Flaxer made, but at this point I have these two, we need to think about the possibility of more.

My tentative to consolidate the contested matter and any adversaries for procedural purposes. Mr. Steinberg, your letter cited decisions by Judge Lifland and Judge Walrath indicating pretty clearly holding that when you're enforcing an earlier court order you don't need to bring an adversary to do that, but many observers might agree with the judgment that Mr. Flaxer presumably made that when he wanted a declaratory judgment and he wanted some of the stuff that he asked for in there an adversary proceeding was appropriate.

I guess the issue is whether others who are looking for things similar to what Mr. Flaxer did would need to either climb onto his adversary or bring their own adversaries. It might be appropriate for separate adversaries to be brought, although my thought would be that they would be procedurally consolidated and jointly administered as well, but I need people to focus on that.

If those adversaries are to be brought -- and many might regard that as a good idea, but I'm not forming a tentative on that -- Mr. Flaxer's point that it should happen by a fairly early date certain seems to me to be pretty persuasive. But again, that's a tentative.

Seven. While these issues mainly involve New GM some also appear to also involve Old GM or the GUC Trust, the general unsecured creditors trust, that's Old GM's successor.

It would seem to me that there's an issue as to whether there might be excusable neglect to file late claims against Old GM to the extent that I ruled that any of the claims being asserting are prepetition claims rather than post-petition claims if the ability to assert those claims wasn't known by the time that the Old GM case bar date expired.

When I was preparing for today I speculated that issues of that character were why Mr. Golden wanted to have the opportunity to be heard.

To the extent any issues involving Old GM or the GUC Trust can be heard as matters of law my tentative is that they should be considered along with the other threshold issues and that anybody who cares about those kinds of issues should have a chance to weigh in on them.

Lastly, eight. In his April 24th letter Mr. Flaxer raised the issue of mediation. Obviously the idea or the prospect of meeting the two sides needs and concerns without this monstrous battle is attractive to me.

When I was a practicing lawyer a district judge in Delaware, Joe Farnan, some of you may know him, made an impression on me and I think a bunch of other lawyers when he said that the guy in the robe would do his job but parties' needs and concerns could be better addressed by negotiation than by forcing a judge to decide issues within the four corners of what judges are allowed to decide.

And frankly it would be great if whatever money is available for injured people could go to them and not to litigation costs and attorneys' fees. I have no tentative on this, but I want people to address it by the time they're done.

So we're ready to continue. Mr. Steinberg, I'm going hear from you first, then Mr. Weisfelner, then from anybody who has any non-repetitive remarks to make after that. Oh, Mr. Flaxer, can I hear from you, please, after I hear from Mr. Weisfelner if you care to be heard.

Mr. Steinberg.

MR. STEINBERG: Thank you very much, Your Honor, and thank you for the careful consideration of the issues that have been presented.

I'd like to be able to address the tentatives and then go back to the questions and then maybe find the script that I had started in connection with this hearing.

Your Honor had identified the demarcation for threshold issues as that which could be done with either no discovery or very little discovery versus something that would lead to much more complex discovery, and we agree that that is a proper formulation.

The one thing that we would ask Your Honor to consider, and I understand the balance here, is that we had suggested as well as I think Mr. Flaxer, that fraud on the Court would be a threshold issue.

Generally we were lumping all the Rule 60 issues together, and many times when someone argues 60(d)(1), which is whether there's an equitable remedy that should be fashioned, or even the 610(b)(4), which is the procedural due process, they usually throw in 60(d)(3), which is the fraud on the court, whether it's proper or not, but that's

-- but they assert those in. And so I understand that fraud on the Court may require some additional discovery, but the issue is how much additional discovery and should it be considered as well as a threshold issue?

THE COURT: You read my mind, Mr. Steinberg, because when I thought about fraud on the Court in trying to put myself in the role of a plaintiff's lawyer then I would have thought that the plaintiff's lawyer would want to get into GM's files or communications to ascertain the extent to which behind the scenes Old GM was thinking about this liability and not making a disclosure to me. You think that's only modest discovery or can be limited in that fashion or were you thinking about a different kind of discovery that might be undertaken, vis-à-vis, that issue?

MR. STEINBERG: Well the issue about whether the Old GM professionals or the people in charge of negotiating the MSPA or the people in charge of presenting evidence to Your Honor, that would be a fairly discreet time period. I mean the bankruptcy was filed on June 1, the order approving the sale was July 5. So we don't think that necessarily the discovery from a time span is as significant. We're also fairly confident what the result would be of that -- of any of that type of discovery.

But, Your Honor, as you outline the issue if the choice that we had was to effectively piecemeal the 60(d)(3) issue and the trade off would be a much more streamline procedure to present the legal issues -- so either there'd be no discovery or very, very little discovery -- that may be something that we're prepared to do, because we understand the logic of that. And though it's piecemealing a Rule 60 issue it may make sense under the circumstances to be able to present as many of the pure legal issues as possible.

I probably would need, and I'm sure this side of the table probably needs the opportunity to talk to their other people as well too to see whether they agree with my formulation, but I certainly understand the logic of it and if there was an agreement that there would be little or no discovery and we would just try to stipulate as much as we could to a stipulated record that may be a good avenue to go forward.

Your Honor, in trying to address one of your other tentatives, because I think it ties into a number of different issues, you'll see that -- that in our agenda letter we had said that the people who brought the adversary proceeding could file an amendment to the complaint by May 14th, provided that it doesn't object to the substance of what we agree to as the procedure going forward today. So if they want to restate what they think their claims are and perhaps try to make sure that it was more inclusive of other people then that's fine.

And you see that in Mr. Weisfelner's letter that he talked about filing an amended complaint in the -- in the MDL action as a procedural issue, which we don't think is a procedural issue, we actually think it's a substantive issue. But both things -- both of those issues evolve around one of the tentative --

THE COURT: Forgive me, Mr. Steinberg, I lost you there. I thought you said filing an amended complaint in the MDL action. I thought that my only connection with the MDL action is I guess I have the power to put it on hold, but what else do I have to do with the MDL action?

MR. STEINBERG: No, Your Honor, I was trying to lead to a point, but I was merely saying that there was a point of disagreement in the letters as to whether the agreement to allow them to go forward on the May 29th hearing and that it wouldn't be stayed and that it would be for purely administrative matters, and we were disagreeing as to whether the filing of an amended complaint in the MDL action would be an administrative matter or a substantive matter.

But the point that I was trying to connect between these things is that -- is that the filing of an amended complaint by Mr. Flaxer or a recitation to file a consolidated complaint to try to get all those theories together is really trying to address Your Honor's tentative ruling about wanting to know what are the bankruptcy-related issues, what is -- what is it that they think that they can go forward on that -- that would not otherwise be foreclosed by the sale order?

All of those things are touching the same thing, and my suggestion in light of your -- the tentatives and in thinking about it and the reviewing the letters is that the issue of whether they should file a complaint in the MDL action or not should be -- should in effect be deferred until the next status conference, and that one of the things that we should be doing between this status conference and the next status conference is to try to decide what we had called in our agenda letter the bankruptcy-related issues that are not the threshold issues, to try to define what it is that we ultimately are going ask Your Honor to set forth, because that's the exercise that's imbedded in doing either the amended complaint to the adversary proceeding or the amended complaint to try to coalesce all of these complaints. Those are the issues that someone will have to decide are bankruptcy-related issues or survive and should go forward without, and that's the exercise that I think should be done, and I don't think we should reach a firm decision as to whether they should be doing anything more than -- on the MDL proceeding to go forward on May 29th, do the things like selection of lead counsel, the things that we can agree are purely administrative, and we should defer consideration of the amended complaint issue until the next status conference.

THE COURT: But matters of the character that the MDL could appropriately determine in your view could include whether the pretrial proceedings take place in say California on the one hand or New York on the other?

MR. STEINBERG: For the MDL I think the MDL should be able to select which forum is going to go forward on generally the MDL action to the extent that the MDL action will ever go forward.

THE COURT: Okay. Continue, please.

MR. STEINBERG: The -- Your Honor, with regard to the -- your tentative ruling on the stipulated record and that we don't do admissions, that is essentially what we have been trying to urge on the plaintiffs.

One of the issues was that we had discussions separately with one group versus another group and they had differing views on certain issues. And even with the group that had a larger issue what we were getting to some extent was the lowest common denominator. When you have 15 people having suggestions sometimes you get 15 suggestions because no one really wants to whittle it down and they leave it up to us to do it.

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

And the problem that we were having between now and May 2nd is that there was a lot of general propositions that were asserted and many times the devil is in the detail, and you need to know when someone says it's purely administrative it's not substantive you really need to know what they are talking about. When people say we can agree to some facts and it's not going to be big, it's going to be narrowly tailored you need to know what someone means when they say narrowly tailored, because when actually try to pin it down it becomes a lot more difficult.

So what we were proposing -- and I think there was a lot of receptivity on it from the other side -- was a walk and then run, which is give us a chance to try to do an exchange and we'll see how good we are, and give us a chance if we can't fill in all the gaps to how to complete the discovery and we'll see how good we are, and if we can't do it then I know that you're going to bridge the gap for us and then we'll both live with whatever Your Honor rules. And we're only looking to defer that consideration where we otherwise couldn't agree for like a six or seven-week period.

And the reason why we think that time period going a little longer versus shorter is better -- and I think Your Honor eluded to that as one of your tentative rulings that sometimes things take a little longer and these serious issues -- is that until we know how they've organized -- and it's really their job to organize, but it's our burden to make sure that we're dealing with 2 groups of people, 4 groups of people, or 20 groups of people, because it becomes harder to figure out briefing schedules, potential discovery, stipulation of facts if we don't know who the people are that we're dealing with you may need to have a little more time until they get better organized to be able to do that. That's why we actually suggest in our agenda letter is just tell us if you formed a group. That has the salutary effect of at least we know who we're dealing with and Your Honor will know whether they actually formed the group, and those who decide they want to be outliers well then they will have to stand up and tell Your Honor why they need to be an outlier and the liaison groups couldn't properly be formed.

But that's all we were trying to say on that issue, which is give them an opportunity to get themselves organized and let us know how successful you were, and where you were not fully successful just let us know because we -- we on our side of the table procedurally have to deal if they're not fully organized and then ultimately Your Honor will have that same issue about how things are being presented to Your Honor.

With regard to -- so that's why we thought we needed a little more time. And by the way, the dates that we selected in our letter were given to us by one of the plaintiff groups, and the other plaintiff group actually said, while they shortened our dates, they also said in their letter that they're flexible about the dates. So I don't think ultimately at the end of the day we're going to disagree about dates, about when we're going to be here.

I think the general proposition is that between now and some time in mid to late June when we'll have another status conference we're going to try to accomplish a stipulated record for briefing the threshold issues and to see whether there's any discovery that is it warranted or not with regard to that stipulated record.

And I would suggest also, and this is off my agenda letter, but picking off on the tentative ruling, trying to identify during that period of time the other issues which are not threshold issues, the other bankruptcy-related issues that we'd ask Your Honor to consider, and we'd be doing all of that presentation at the next status conference. And at that next status conference, to the extent that the defendants are not fully organized, that we would try to -- and it wouldn't be me, but it would be Your Honor and the plaintiffs -- try to figure out how they can, you know, get to the end to themselves more fully organized.

The tentative that you had about the GUC Trust, late-filed claims, excusable neglect, we actually think that this is an issue that should be dealt with. It is not our issue, but to the extent that they've raised or some of them have raised a procedural due process issue relating to the bar order, which was after the sale order had taken place and they're saying that they don't have a remedy -- an effective remedy against Old GM, well there is a GUC Trust, there are a number of -- there's a number of values still left in the GUC Trust. Whether they actually are a creditor, where they actually have excusable neglect I'm not trying to prejudge it, but we were urging that they shouldn't just assume that there was nothing there when there is potentially something there and they should be able to and should be almost in fact required to at least explore that as an alternative to try to get a recovery, if they're entitled to a recovery. I wasn't trying to say that they were or not.

As far as the suggestion of mediation, it is always hard to say that you're against mediation. The only thing that I would say, Your Honor, is that New GM has hired Ken Feinberg, who is a very well known person who tries to figure out how to deal with circumstances and to how to adjust situations on a non-legal base, but to try to negotiate a resolution.

Mr. Feinberg is working on the matter but he hasn't -- while studying what to do he hasn't taken it to the next step. And my own feeling about mediation is that we would like to see whether Mr. Feinberg -- what Mr. Feinberg will do and not do and let's see where the legal issues lie, but understand that the overall sentiment that Your Honor expressed, which is that at the end of the day if there's going to be a negotiated resolution you better do it -- you're better off doing and being able to pay the people who claim to have suffered injury, better off paying them than to end up building up a big load star and paying other people.

Your Honor had asked what the -- to confirm what these lawsuits were about. Your Honor was absolutely correct that under the MSPA, the asset purchase agreement upon which New GM took assets, that New GM assumed the liability for the glove box warranty, the lemon law liability, and for accidents, incidents that led to the loss of life, personal injury, or property damage for anything that took place after the sale. So if there was an Old GM vehicle that was -- got into an accident after the sale and that led to an injury issue that was something that New GM assumed the responsibility for.

These lawsuits are not those cases, and we didn't move by the way just so it's clear -- we did not move to enforce Your Honor's injunction for the presale accidents, which were actually retained liabilities under the MSPA. We purposely carved out the accident victims whether it's presale retained liability or post-sale assumed liability, because we wanted to focus in as to what these lawsuits were about. These lawsuits are about a claimed economic loss, the value of a car which is six, seven, eight, nine, ten years old for the loss in value because of the announcement that there was going to be an ignition switch recall and that that car had lost its value until the time that it is being repaired through the recall or not. I'm not sure if I can figure that out.

THE COURT: Pause please. Maybe this question is better directed at your opponents. But is this before or after the cars were fixed?

MR. STEINBERG: This --

THE COURT: I mean the loss in value, because I would assume that if a car hasn't been fixed it would lose value, but I'm not sure what the view of --

MR. STEINBERG: This has --

THE COURT: -- parties would be after it's been fixed.

MR. STEINBERG: This I don't think has anything to do with the cars being fixed or not, because by virtue of the recall New GM is committed to fixing the cars, replacing the ignition switches, and to doing it tentatively now they think they'd be able to complete it by the end of October of this year. So everybody is going to have their car fixed and so the ignition switch is going to be fixed. This is a perceived loss in value of a car that has some history on it for the -- because of the announced recall for whatever that loss of value is.

So frankly in one of the individual cases that was brought in Texas where we were involved in a litigation as to whether all of the cars with the ignition switch issued should be parked. The actual lawsuit was about a 2006 Cobalt -- Chevy Cobalt which had 165,000 miles on it, and the issue was the deterioration in value of that car by virtue of the announcement of the ignition switch recall. That was what that lawsuit was about.

The injunctive relief was whether all cars should be parked because of a perceived defect between now and until it was repaired.

But that was the nature of that lawsuit, and I know that if I'm not properly characterizing how the economic losses are I'm sure that the people who'll follow me at this rostrum will be able to -- be able to do that, but that's my understanding of it.

These are people who have not had any accident, any property damage, or personal injury, this is for the --

and they are going to get compensated for -- they are going to get their -- the repair of the ignition switch by virtue of the recall, and I think that to the extent that they had to do it themselves before the recall has a provision about whether they get compensated for that as well, but this is for the perceived deterioration in the value of their car by virtue of this announcement.

Now just to make it clear too because it deals with the issue, Your Honor, as to what's, you know, the New GM conduct versus the Old GM conduct. I think Your Honor had talked about that. All of the -- all of the cars with an ignition switch issue, all of them were Old GM vehicles. By the time of the sale the ignition switch had been corrected in the cars. The recall --

THE COURT: By that you mean new cars then being constructed?

MR. STEINBERG: Right.

THE COURT: Okay.

MR. STEINBERG: The issue why the recall involves some post-sale cars is a nuance difference.

What happened was someone with a new car, which had a good ignition switch, would go in to have their car repaired and there was a possibility that the person who repaired that car, which may have been a GM dealer or may have been someone totally different, they may have actually put in an old ignition switch part. They may have taken a good part out and put a bad part in. And since New GM didn't know whether -- whether that -- which cars that occurred to it announced the recall for some post-sale cars. But the cars that would ever be impacted by this is a very, very small element, but New GM is repairing all of those ignition switches.

So the issue in our view is that we believe that everything they're talking about relates to Old GM conduct, Old GM manufactured cars, and that -- and that what they're trying to build on is the fact that under the sale order and the MSPA New GM accepted as a covenant, not an assumed liability, but a covenant, to comply with -- with the federal laws relating to recall, and they're saying that that somehow creates claims because New GM didn't recall these vehicles fast enough and that they should have done it faster. And we believe that all of that relates to -- all of those claims whether they could ever assert that as a private right of action, which we don't think is correct, we think all of that is an Old GM retained liability issue.

Now, I don't expect them to agree with my recitation of that, but that is the nuance, right, that is the issue as to why it's not a clear demarcation.

What is clear is that if New GM manufactured and sold the vehicle and anything happen to do that vehicle that is not a retained liability, that is a --

THE COURT: An ordinary liability.

MR. STEINBERG: -- that is an ordinary New GM liability. And if there was an accident that has taken place based on an Old GM vehicle, that is not before Your Honor, that is not part of the list of ignition switch actions that we brought before Your Honor, that's going to go forward in New GM, understands that New GM is defending that. It's not also part of the MDL. So that is -- that is why I think --

THE COURT: Pause please, Mr. Steinberg, I'm trying to keep up with you.

What was the very last thing you said, the nuance you were making on what would still be going forward?

MR. STEINBERG: What is going forward is if there's an accident relating to an Old GM car and if there's an accident relating to a New GM manufactured car.

THE COURT: Any kind of accident.

MR. STEINBERG: Any kind of accidents are going forward.

With regard to just the glove box warranty and the lemon law, just so Your Honor understands the nuance that we put in our papers, is that lemon law is defined in the MSPA, it's defined as that you need to have brought it more than one time to have a repair and it wasn't done. And our argument is that while we did assume lemon laws none of these ignition switch actions that have been pled to date talk about having brought it once to have it repaired and it wasn't repaired and the second time it wasn't repaired to qualify within the definition of what a lemon law means for purposes of our assumption.

So I think it's correct that we did agree to assume lemon laws, but -- a lemon law type claim, but none of what is being asserted here fits within that paradigm.

If I'm wrong and there's a particular nuance out of all the lawsuits that have been brought that was one of the elements that we had asked for in our motion to enforce which is in effect to show cause, tell us why you think you're not otherwise bound, that you fit within the lemon law that we assume because of your particular fact circumstance and then we would evaluate it. Because I can make the general statement, but there may be a specific exception that I haven't accounted for, but the general statement is as far as I'm aware, based on the general pleadings that have been done, is that no one asked to have this being repaired a second time. And as far as the glove box warranty we're -- for all of these vehicles we're -- or almost all these vehicles we're outside of the glove box warranty, it's expired by this point in time.

So I think, Your Honor, with regard to the issue that you had raised about the threshold issues we actually had thought that the issues that had been raised in the adversary proceeding under Rule 60 were all threshold issues. We understand the differences, and if it turns out we can streamline discovery significantly by taking out fraud on the Court that may be a better way to go, and we do agree also that the discrimination issue that was raised by Mr. Weisfelner in his papers is a pure legal issue. I frankly think Your Honor has decided the legal issue before, but it's a pure legal issue and we think it should be taken off the table. And frankly there's a practical reason why it should be taken off the table and we eluded to it in our papers.

One of the things that Mr. Feinberg has been hired to do is to evaluate whether there's something that should be done to these prepetition accident victims, people who have actually had an accident to which are a retained liability should New GM --

THE COURT: That would mean people who were injured in prepetition accidents who were only getting 30 cents on the dollar who had filed claims --

MR. STEINBERG: That's correct.

THE COURT: -- or who had blown the bar date but were actually hurt?

MR. STEINBERG: Right. That's why Mr. -- that was one of the primary reasons why Mr. Feinberg has been hired, to see whether there's something that should be done as a general basis.

If someone is going to say that if we did someone on a voluntary basis for those victims, those people who actually suffered an injury from an accident that we're somehow picking up liabilities for a bunch of people who are worried about the deterioration and the value of their car then I think we need to know that, and so therefore we want to put this as an earlier issue and not a later issue. And if they want to abandon it because they don't think it's a proper issue to raise then that's okay too. We're not trying to litigate something that they're prepared to abandon, but it has been raised.

If you actually read the pleading filed by -- on this issue it makes it seem like it's a very important issue and we're prepared to meet it head on and to -- and I don't think it requires any discovery at all.

If you just bear with me just one second, Your Honor, just to go through the rest of my notes.

I think that Your Honor when we -- when I came into court and I think Your Honor summarized it correctly we had actually agreed in many concepts with the people that we had spoken with, and so there was a general understanding that they would stand down on litigation and that those who didn't -- who weren't prepared to stand down would have to show cause as to why they think they shouldn't stand down.

And there was a recognition on our part that to the extent that we got bogged down for some reason that we couldn't envision on the threshold issues and the other bankruptcy-related issues needed to be brought to attention or that they thought that there were issues that were not bankruptcy-related issues but they had decided to in effect wait on and that they would otherwise be a part of the MDL we had agreed, and I think the date differences were end of July versus beginning of September, we would have an effective grace period but then we thought they had to come to Your Honor. If they wanted to relax the stay because they thought they were otherwise being aggrieved because this process wasn't playing out the way that they had envisioned or that they thought they --

THE COURT: You mean the process before me in terms of --

MR. STEINBERG: That's correct.

THE COURT: -- getting these issues --

MR. STEINBERG: That's right.

THE COURT: -- judicially decided?

MR. STEINBERG: They then could try to make their case before Your Honor, and we thought that that was okay. I mean no one -- no one could quite envision exactly how this is going to go, we wanted to have a breathing spell to make sure that this is going along in the direction that everybody thinks it's going along, but we were not looking to permanently foreclose anybody's rights if they thought an adjustment had to be made. And so if they needed to have that explicit as part of their agreement up front to stay their litigation then we were prepared to do it, and I think there was just a difference in a month, and I think our date was -- probably made more sense because of the inherent delays that we'd have in the system.

I think, Your Honor, we had agreed on most of the threshold issues and Your Honor's tentatives had addressed the rest. We had actually agreed to in effect do this in two steps, and Your Honor has properly identified that while doing it in the two steps we should make progress and try to identify what will be litigated in the second step. And I think Your Honor's tentative addressed the differences we had on stipulations of facts versus admissions and the timing of submissions.

So I think Your Honor's tentatives have bridged the gap where we differed and we were fairly close coming into the courtroom, and I think you for that and I'll turn over the rostrum to other people.

THE COURT: Before you do, please, Mr. Steinberg.

The day after you wrote your letter, I think yours was on April 30th, I got both a letter and a black line from Mr. Weisfelner where he'd massaged what had been one of your paragraphs and he gave me a black line articulating issues that would be decided as threshold issues. Is there any difference between you and Mr. Weisfelner, that is between your thinking and his black line mark up?

MR. STEINBERG: Yes. The --

THE COURT: On that point, how so? I didn't follow that.

MR. STEINBERG: Well our original proposal included fraud on the Court being a threshold issue and they had crossed that out, so that is one difference.

The second difference was that we thought the discrimination argument was a threshold issue and they had said they didn't think it should be a threshold issue.

THE COURT: So he wanted to drop fraud on the Court from the first phase and you leaned in favor, although I thought you -- the way I heard you you didn't think of it as something you felt strongly about, you thought that with limited discovery it could be considered as a Phase I issue and you favored inclusion of the discrimination argument and you understood him to prefer not to deal with that now.

MR. STEINBERG: I think he crossed that out and asked to not deal with that, yes.

THE COURT: Okay.

MR. STEINBERG: So --
THE COURT: Thank you.
MR. STEINBERG: -- and so just to be clear, while I thought fraud on the Court should be a threshold issue because it's a Rule 60 issue, to the extent that we can accomplish something significant on the discovery front in curtailing it then I understand clearly the logic of making that a secondary issue.
THE COURT: Okay. Thank you.
Mr. Weisfelner.
MR. WEISFELNER: Judge, thank you, I don't know what Your Honor's preference is.
Not only have some of our thoughts matured and changed over time but based on Your Honor's tentatives and the questions you asked they may change even further.
I don't know that we can accomplish a lot in a ten-minute recess, but one of my colleagues passed me the note to ask if you thought it would be appropriate. If not I can start and go forward and take a break whenever Your Honor thinks is good.
THE COURT: Well if you think it would be productive I'm not going to stand in the way of that, Mr. Weisfelner. I don't want to use up what is relatively limited time that we have if it drifts, and there are a lot of people both on the phone in this courtroom and presumably

in overflow courtrooms, but if you think you can usefully use ten minutes I think that's a good investment.

MR. WEISFELNER: And, Your Honor, I think ten minutes is the right -- we're either going to make progress in ten minutes or we're not.

THE COURT: Okay.

MR. WEISFELNER: So I wouldn't want anymore than a ten-minute adjournment.

THE COURT: Then let's recess until five to 11:00 on the clock up there.

MR. WEISFELNER: Thank you, Judge.

THE COURT: Thank you.

(Recess at 10:44 a.m.)

THE COURT: Have seats everybody.

MR. WEISFELNER: Your Honor, thank you for the time, I think it was well spent.

Judge, for the record, Edward Weisfelner, Brown Rudnick LLP appearing on behalf of the Robinson Calcagnie firm, and I have Mark Robinson of the firm with us in court today as well as Haigins Berman (ph), and as Your Honor has indicated while they reserve the right obviously to correct me where I go wrong we are working closely together with Sander Esserman of Stutzman, Bromberg, Esserman & Plifka, as well as Elihu Inselbuch of Caplin & Drysdale, and as I think Your Honor knows the collective plaintiff group has also asked the three of us to coordinate our activities as we deem necessary with Ms. Siganowski (ph) of the Otterbourg firm, and we will utilize her services as appropriate and necessary.

Judge, I want to as Mr. Steinberg did address your tentatives, move on to your questions and avoid merits, name calling, and the other no-noes that Your Honor laid out, but I would like to note a couple of factors that I think are relevant and bleed directly interest your tentative ands your questions.

What one may characterize as part of the good news there's lots of information in the public domain regarding the defect that's the subject of the recall. Lots in the public domain about who knew what when.

I characterize that as good news to the extent that, and as Mr. Robinson has indicated to me, in his many, many years of litigating in the auto products field both in terms of Toyota, the Ford Pinto, claims against GM, it's rare that you see this level of information already in the public domain before discovery or formal discovery between the parties necessarily starts. That's part of the good news.

Part of the bad news is, depending on your perspective, but I think it's a relevant factor in understanding how the parties can or can't get together in terms of the timing of the resolution of the issues, the fact of the matter is that New GM, as we understand it, is the subject of a -- it's a term of art -- boatload of regulatory investigations. We are aware of congressional investigations, and maybe there's more than one, at least one attorney general investigation, an SEC investigation. We understand that New GM has commenced its own internal investigation, and I may have run out of fingers to count just how many investigations they're currently the subject of.

I mention those because one could imagine a sensitivity on the part of a corporate entity to necessarily engage in discovery during the pendency and/or before investigations of both civil and potential criminal consequences are concluded. And I can only advise Your Honor that I think it behooves both sides to take the reality of what's going on in the marketplace into consideration with regard to the timing of discovery or the narrowing of issues between the parties. There are other factors that might influence either side of the tables' speed with regard to those issues.

Your Honor, to address the tentatives.

First of all I think from a starting perspective, and I was unavailable for another meeting among plaintiffs that took place yesterday in New York, but I've gotten a download, and I'm not blaming Mr. Steinberg, Your Honor ought to know that with one outlier, and only one outlier that I'm aware of, the plaintiffs as a group are on the same page and intend, unless I or Elihu or Sander slip up, to allow one or the other of us to speak for the group, and I presume that outlier will speak for him or herself at an appropriate time.

And I also understand that the difference of opinion between all of the plaintiffs and this one single plaintiff really comes down to what ought the threshold issues be that the parties work towards preparing and presenting to Your Honor for as efficient resolution as is possible. And it boils down to a distinction between whether or not we focus our collective attention on the what we think is the right threshold issue, whether or not parties impacted by this ignition switch problem were denied due process, and if so what's the appropriate remedy?

They would, the outliers would like to put on the table as part of the threshold issue a determination of whether or not there was fraud on the Court. And, Your Honor, again, for reasons that we can delve into I don't think they're necessarily appropriate for today because there'll be another status conference where I think whatever remaining differences there are between the plaintiffs taken as a group and New GM can and will be resolved down to the details of timing for discovery, briefing, and subsequent hearings.

Your Honor, the next tentative you talked about was the MDL proceedings and I'd like to unpack that just as a matter of fact into two parts, because I think as to part number one there is unanimity in the entirety of the courtroom. All plaintiffs and New GM as to what happens in step one, and as I understand it only a very narrow disagreement on what I'll call step number two.

And, Your Honor, please forgive me because the one thing I'm not is a class action or tort lawyer, I'm just a measly bankruptcy lawyer, but this is what I understand the two parts to be.

Part number one, on May 29th in Chicago before a joint panel on multidistrict litigation, which I understand consists of some seven Article III judges, that panel will determine the venue for any further multidistrict litigation consideration, and I've been told that the panel has under consideration --

THE COURT: Pause. When you put it that way I wasn't clear on whether you were talking about it consistent with my understanding of what would be done by the judicial panel and multidistrict litigation. Is this 28 U.S.C. 1407?

MR. WEISFELNER: Yes, it is, Your Honor.

THE COURT: Which as I understood it addresses the locale for pretrial proceedings in multiple litigation after which when the pretrial proceedings end they're farmed back to whatever districts, venue would otherwise be appropriate?

MR. WEISFELNER: Correct. So --

THE COURT: Now were you meaning -- forgive me. Were you meaning to say something different than my -- what I just said?

MR. WEISFELNER: No, other that where I think we all agree is that nothing is going to interfere with, and none of the parties or the Court, nor will the Court be asked to interfere with the activities of the joint panel on the 29th, which we all understand to mean that they'll pick an ultimate venue for MDL proceedings as between Michigan, California, New York, or some other jurisdiction.

Where we appear to have a difference of view, as I heard Mr. Steinberg discuss the issues before Your Honor, was how far should the MDL go once it receives the case some time after May 29th?

THE COURT: By that you mean the temporary transferee court after it's been transferred by the panel?

MR. WEISFELNER: Correct.

THE COURT: Okay.

MR. WEISFELNER: And as I understand it what that court will do is procedural, it will among other things select lead and/or liaison counsel not for bankruptcy purposes but for purposes of actually trying the case, and as typically happens would require that the many complaints filed against New GM -- and as I understand it they're up to some 60 plus different class action complaints -- be procedurally consolidated into a single complaint, a process that my guess will take a period of time, and certainly a period of time beyond what we anticipate to be the next status conference before Your Honor.

But we wouldn't want the record of this or any other proceeding before Your Honor to be used or cited for the proposition that from Your Honor's perspective getting the complaints narrowed down to a single complaint, doing whatever else it is that the MDL judge typically does, which is figure out which counsel they're going to for lack of a better word lead the fray, there should be nothing that impacts that procedural mechanism from moving forward. It's going to in our view at least get the parties or -- and the issues that may ultimately be tried narrowed and get the disbursed plaintiffs' groups better organized on the merits should they ever get to the merits.

THE COURT: Pause, please, Mr. Weisfelner.

MR. WEISFELNER: Certainly.

THE COURT: Can you envision a scenario under which rulings by me might affect the extent to which claims remain which would then be the subject of gathering up and bundling in that amended complaint?

MR. WEISFELNER: Certainly, and again, this is just my opinion, but when viewed from the perspective of judicial economy if there is a single complaint and Your Honor were then to determine what's kosha (ph) and what's unkosha (ph) about that amended complaint one has an easier vehicle to start making chops to.

As opposed to, and it sort of bleeds into some of your other tentatives and some of your other questions, have a multiplicity of lawsuits and then having to parse each and every one of them to determine what portion of the allegations, the complaints, the prayers for relief does or doesn't violate or do violence to Your Honor's directive as it currently stands or as it may ultimately morph after this procedure currently before you develops.

THE COURT: You said what I had anticipated that you would say. The corollary of that would at least seemingly be that after the panel sends it wherever it's supposed to go, and I'll call it the transferee judge, even though it may eventually go back somewhere or to different places, that there simply be a stop, look, and listen, vis-à-vis, interfering or not interfering with the acts of the transferee judge after determinations have been made in this court and everybody in this room has had his chance to speak his peace.

MR. WEISFELNER: And, Your Honor, I think like many things in life it's all a matter of timing. Because I anticipate the transferee court is never going to get around to the job of figuring out what's the next procedural steps to narrow the issues that may be before him or her. I think we'll be further advanced on the issues that need to be resolved by Your Honor, and the coordination between Your Honor's decision making process and what does or doesn't happen in the MDL will be much further advanced.

So while I'm not sure that it benefits anyone to pursue this in any greater detail, my only point with regard to this is I detected a difference between where we come out, where I thought New GM was coming out on this, and what I heard Mr. Steinberg say earlier this morning, which is we have to leave open the possibility that the MDL proceedings may be put on ice simply because this process is still ongoing without a resolution.

THE COURT: Well stand by. Mr. Steinberg, come on up and take Mr. Weisfelner's place for a second.

Is there a substantive disagreement here? Because I thought I was hearing consensus that we'd let the MDL panel decide who the transferee district should be and then we're going to have stuff that goes on here.

Would you have a substantive or procedural problem with doing a stop, look, and listen in this court to then decide whether I should enjoin the transferee judge from doing anything more, or should not do so?

MR. STEINBERG: Your Honor, I would agree with everything that you say except that I would assume that you would be enjoining the parties not the court from moving forward.

THE COURT: Correct. And I don't think in 13 and a half years I've ever enjoined a court, but I enjoin parties all the time.

MR. STEINBERG: Then other than that, Your Honor, I agree with exactly what you said.

THE COURT: Okay.

All right, Mr. Weisfelner, I think that issue just went away so come on up and let's proceed.

MR. WEISFELNER: Great.

Your Honor, we take your points to heart with regard to tentatives three and four both with regard to the propriety of standstill agreements and your admonition that we don't necessarily -- we shouldn't necessarily be rushing in favor of getting it right.

One area where I think the parties may need some additional time with each other but maybe we could explore in a little bit more detail Your Honor's tentative with regard to new complaints along the lines of what Mr. Flaxer filed.

And I will tell Your Honor frankly that before Mr. Flaxer hit the docket with his complaint I know I and my shop and I venture to guess many other shops were working on similar complaints.

Viewed from our perspective is the right procedural mechanism for bringing the issue before Your Honor; however, once we had the advent of New GM's motion frankly I'm not sure what the procedural advantage is of moving forward with that adversary proceeding complaint much less inviting other parties to replicate it or to file additional or add-on adversary proceeding complaints. It may -- it may involve some interesting work by a bunch of bankruptcy and/or class action firms. I think it's just going to clog the docket here, and I think procedurally we were of the view that rather than lose any of the allegations or procedural advantages that are perceived or actually exist in the adversary proceeding they all ought to be subsumed within the contested matter. Parties ought to be afforded an opportunity to file their own objections to the motion, join in our objection to the motion, or anything in between.

But I'm not sure, nor do my colleagues feel, that there's necessarily a substantive or procedural advantage to separating the adversary proceeding and giving it a life of its own even for the purposes of inviting other people to file new adversary proceedings.

THE COURT: I partly lost you with the negative that was in your last sentence. In other words you're saying the formalities aren't important, put it in a big bundle and just decide it all together or am I --

MR. WEISFELNER: That's exactly --

THE COURT: -- stating it too crudely?

MR. WEISFELNER: No, that's -- well, you couldn't have stated it any cruder than I would have had I thought about it, but that's exactly our sentiment, you know, let's have one bundle and not have separate adversary proceedings and separate contested matters, let along invite people to file new adversary proceedings that address the same issue. And I think the parties did intend on conferring with each other on appropriate procedural mechanisms to allow that ball of wax to form without violating anybody's procedural or substantive rights. And I think we can come up with in very short order, certainly before the next status conference, the procedural mechanism that we think is appropriate. But what we would like to avoid is either the necessity or the thought out there that people better rush to file, you know, identical or new or expanded adversary proceedings.

THE COURT: Now that's a different point than the separate -- at least in your mind from the separate point that I thought I was making that if there are any substantive issues on the table that haven't been potentially to be put on the table that I want to hear what those points are.

MR. WEISFELNER: And I think that can be readily accommodated by virtue of setting a date by which parties will want to respond to the motion that New GM has filed. I mean we obviously filed within, and I think before the expiration of 24 hours. Obviously there may be people out there with further reflection that come up with better, different, more expansive responses and we don't want to preclude that. We just don't want to get into a (indiscernible - 01:19:05) of a separate docket for an adversary proceeding, a separate docket for contested motion practice, and any possibility that, you know, the resolution of those issues shouldn't be at some point joined. And again, I think the parties can work out a proposal for Your Honor's consideration that deals with melding together the adversary proceeding and the contested matter.

Number five, Your Honor, which I guess was the issue between stipulations and admissions. And, Your Honor, I think the answer is we get it and the parties will work as best they can on stipulations and will only elevate the heat intention as we have to both in terms of narrowing discovery and avoiding unnecessary contests that have to be determined by this Court. And again, you know, I'm focusing on all of this from the perspective of the what we've referred to as the gaiting issue.

And this -- and I want to sort of then flip to the questions that Your Honor asked, and either attempt to respond to them or tell you why I'd like to evade them as best I can.

And again, you know, I'm focusing on all of this from the perspective of the what we've referred to as the gaiting issue. And this -- and I want to sort of then flip to the questions that Your Honor asked, and either attempt to respond to them or tell you why I'd like to abade them as best I can.

THE COURT: Before you move on to those, please, Mr. Weisfelner, the one issue that I still see as open between you and Mr. Steinberg is with respect to two issues that might or might not be addressed as part of Phase I, the most classic threshold issues, fraud on the Court and discrimination amongst different kinds of creditors.

My preference would be in terms of meeting my own responsibilities would be to get issues on the table and teed up for judicial determination, and to the extent practical decided sooner rather than later, which would cause me to come to the view that on fraud on the Court, if we could deal with that without having the associated discovery bog us all down, it would be handled sooner rather than later and the same thing with discrimination, which doesn't seem to involve discovery issues.

I sense that you would prefer to defer fraud on the Court, but would you be of the same mind to defer it if just the limited discovery of the type that Mr. Steinberg recommended were undertaken so that issue could be teed up with the others?

MR. WEISFELNER: Your Honor, we would be opposed to it and let me explain why.

First of all we share Your Honor's perspective that issues that could resolve matters from the perspective of either side where discovery can be limited ought to be preferred on issues that potentially don't decide the matter even if they don't require a lot of discovery.

So let me take the easier example first, the discrimination issue, raised in retrospect unfortunately in my papers as opposed to anybody else's. And, Your Honor, it seems to me that we could brief that issue at whatever cost is required. It doesn't require discovery. Your Honor could make a ruling.

And notwithstanding how you rule I don't think it gets the plaintiffs any closer to trying claims against New GM or for that matter New GM any closer to preventing the plaintiffs' claims from moving forward based on their reliance on the injunction and the sale order. It's an interesting issue but it's in no event dispositive of either parties' position on the fundamental issue.

For that reason, even though I was the one who first raised it and frankly raised it before I understood the entire history behind the metamorphous that the final sale order took on the carve out for wrongful death, injury, and property damage, which as I understood it originally what New GM was purporting to assume was wrongful death, personal injury, property damage solely with regard to cars that it sold post-petition or post-sale rather, and it morphed at the direction in part of various attorneys generals and consumer advocates.

THE COURT: In the middle of the trial.

MR. WEISFELNER: Sorry?

THE COURT: In the middle of the sale trial.

MR. WEISFELNER: Right.

THE COURT: Yeah, I remember the history.

MR. WEISFELNER: Okay.

THE COURT: Oh, by the way I'm going to interrupt you. I want each side not to tell me today but to think about the extent to which I'm allowed to use my knowledge of what happened back then in connection with the findings of fact.

MR. WEISFELNER: Well, Your Honor, I could tell you now without even consulting with my colleagues, unless Your Honor were to be willing to undergo a lobotomy I don't know how anyone could take the position that Your Honor cannot, should not, or may not take into account your knowledge and familiarity with what transpired during the bankruptcy proceeding and in fact during post-reorganization or post-restructuring matters that were brought to Your Honor's attention.

But I want to sort of get back to --

THE COURT: Pause.

MR. STEINBERG: I was going to -- without inferring whether there should be a lobotomy or not -- I was going to say that we agree with Mr. Weisfelner as well, that you should be able to take into account your position.

THE COURT: Okay. Fair enough.

Go on then, please, Mr. Weisfelner.

MR. WEISFELNER: Any way, Your Honor, I'm sort of getting back to what we ought to be collectively spending time and attention on.

From the plaintiffs' perspective we ought to be spending time and attention, which converts into money and effort, in dealing with as narrow a set of facts that we have to deal with to determine whether or not the sale order applies to our underlying clients.

The discrimination argument, Your Honor, may be left on the table in the unlikely from my perspective and unfortunate event that we lose the threshold issue. But why it needs to be determined today, even though it's an issue of law and not a matter to discovery, it's not dispositive from either sides' perspective, it doesn't get us closer to where either one of us wants to get to.

And if I could then turn to the fraud on the Court issue.

Your Honor, there are subtleties on top of subtleties on top of details that suggest to us that you could not make a determination with regard to fraud on the Court with anywhere close to the narrow discovery that Mr. Steinberg suggests. And it's sort of all subsumed I think or fear in the whole due process argument, and without in any way trying to argue the merits but just to lay out what the issues are as objectively as I can without tilting them in either direction, remembering again that there's a lot of information in the public record about what GM knew when they knew it with regard to the ignition switch.

I think that New GM would say, well, wait a second, determining GM's -- Old GM's knowledge and for that matter New GM's knowledge isn't necessarily determined -- and I use this very bad analogy but I'll give it to you any way -- by focusing on the guy in the test laboratory who's got grease up to his elbows and is wearing overalls. That person may have knowledge, but it may not necessarily be imputed to someone sitting in a conference room who has the luxury of wearing a suit and tie every day. And I think New GM may ultimately argue that Joe the mechanic's knowledge isn't to be imputed into an executive office let along a board room.

Now frankly we're encouraged by the fact that plenty of people who wore suits and white collars have already put their position on the record or it's otherwise discoverable through things that the National Highway Safety Council has made available or the Congress has made available or what we can read and report on in the press, but to suggest that we can or should pursue fraud on the Court to my mind and gender is a discovery dispute at three different levels by the way. Old GM, New GM, and based on not my intuitions, but my discussions, I think we're going to get into a discussion of what treasury in its role as the intermediary between Old GM and New GM knew or didn't know.

And as much as I like spending time with Matt Feldman and Jim Milstein (ph) and Harry Wilson, I don't know that I necessarily want to get involved in discovery of what any of those people knew or should have known in the context of proving --

THE COURT: You used the word should have known.

Since when is should have known an element of a claim of fraud against the Court?

MR. WEISFELNER: Your Honor, I'm not sure that it is, which is another reason why when I think about this, and maybe I think about it in an overly simplistic fashion, but I have the comfort of knowing that my co-counsel thinks about it the exact same way, in fact all of the plaintiffs think about it exactly the same way with the exception of one possibly outlier, and that is if I start with the proposition, understanding that it's a proposition and not a proven fact, that the consumers of this product were known to have had a defective product and that Old GM did nothing to let those people know that they had a defective product, didn't give them notice of the bankruptcy, didn't give them notice of the sale, and didn't give them notice of the extent to which the sale could affect their rights, if our contentions are accurate isn't it the case that these individuals were deprived of due process?

In that context should the sale order apply to them or should some portion of the sale order apply to them? Not a revocation of the sale order, we're not going cut it up and carve it out and chop it up as it relates to anybody else other than people who prove to you that they were denied due process.

Why we need to then get into at this stage the other elements of fraud on the Court, Your Honor, we respectfully suggest is beyond what we ought to be doing if we want to do something efficient and effective from the perspective of these injured parties.

THE COURT: Do you think that for the purposes solely of my case management discretionary calls, as contrasted to the merits in figuring out how we should tee these things up, it's appropriate for me to assume that there might be a difference between defrauding the driving public on the one hand and defrauding the Court on the other?

MR. WEISFELNER: Yes. And, Your Honor, I'd make the distinction though, we're not defrauding the driving public, that's not our contention. Our contention is that the number of people who bought, leased, or owned these cars, and to my knowledge, the number is something below 3 million, I could be wrong, so it's not the driving public, it's these specific people that were sold cars with this ignition switch problem.

And again, this is not the place or time to get into this, so then I won't, I just want to get back to your issue. I do think that it's a matter of Your Honor's discretion in setting our own calendar in terms of dealing with dispositive issues first.

If Your Honor were to decide that these people were denied due process, and therefore, the injunction that New GM bargained for should not apply to them, case over, from our perspective.

It's only if Your Honor were to decide there was no denial of due process, that we may want to ask Your Honor to tee up and consider other issues. Until that time, I think it's a matter of case management and Your Honor's discretion, that's the right way to go. And I say that because we've thought about it, and we think it's the right way to go, not to be determinative of what Your Honor decides in terms of exercising your own discretion.

But we clearly think it's the easy way to go, and I'm not sure I understand how expanding either the factual issue or the legal issue into fraud on the Court serves the purpose of narrowing the issues and letting the parties and the Court get to the -- a resolution in the most cost-effective manner possible.

Now, Your Honor, I'm happy to sort of move on to the questions that Your Honor had.

THE COURT: Go ahead. And I'm going to do this in such a fashion as I possibly can, so as not to insult the Court. But you asked what's left its engendered so much heat, and with all -- in other words, what are the damages that people could possibly be concerned about here, since wrongful death, personal injury, and property damage are off the table.

And Mr. Steinberg in his opening tried to -- or talked to you about five, six, seven, eight-year old cars driven a lot of miles that have a broken switch that GM's prepared to fix, so what are the damages.

Oh, and I think he mixed in the fact that we're talking about a pretty cheap set of vehicles, Chevy Cobalts and other such cars. And, Your Honor, in the simplest terms, it's our view that the measure of damages that plaintiffs could prove were they permitted to pursue claims against New GM, notwithstanding your injunction, is a matter for determination by a court of competent jurisdiction who doesn't have New GM waving the injunction in front of it.

Once that injunction is gone, Your Honor's question is really within the bailiwick of Court's interpreting state law, federal --

THE COURT: Forgive me, with respect to you, Mr. Weisfelner, that isn't the purpose of my question. The purpose of my question is to ascertain the extent to which claims your guys want to bring, is or is not within the scope of the existing sale order, which is the question which we start with after which we then determine the extent to which the provisions of that sale order are in whole or in part unenforceable against your constituency.

MR. WEISFELNER: Ah.

THE COURT: So please do not restate or misunderstand my question.

MR. WEISFELNER: Thank you, Your Honor. I did -- I misunderstood it completely.

I should call to Your Honor's attention, and I'm hoping that this is in the process of being fixed, because I've been told that's in the process of being fixed, but one would hope that as this process moves forward and the parties reach consensus on how to form and present the issues in the most effective way, that we don't have exacerbation of the problem or the issue.

We were told the story about an individual who in connection with the recall went to his or her dealer to have this ignition switch fixed, and was presented by the dealer with a form that she was being told she had to sign before the work could be done on her car.

And the form, while I haven't seen it, I'm told, either had the individual consenting to arbitration of any issue that may arise in connection with the work that was being done and/or contained a waiver of any claims that could be asserted in connection with any of the work that's being done.

Now, I'm told that these issues were brought to New GM's attention and New GM has or is in the process of ensuring through communication with its dealers that the fixing of the switch is not to be conditioned on parties signing anything that may impact their claims or causes of action going forward, and that to the extent that people have already signed anything as a precondition to having their car dealt with on a recall, that it won't be enforced or sought to be enforced by New GM.

The other thing I want to bring to Your Honor's attention, and again, it's not within my bailiwick, except that I've heard enough about it from underlying plaintiffs' lawyers and have read enough about it is, there is not an agreement between this side of the courtroom, meaning the plaintiff's side --

THE COURT: Pause please, Mr. Weisfelner.

Right after you told me that anecdote, which troubled me, as it would trouble most folks I think, you said that when GM, New GM heard about it, it pulled the plug on that deal -- issue acting that way, and told them, you didn't use these words, you, jerk, you can't do that. So why did you tell me that?

MR. WEISFELNER: I told you that for at least two reasons. Having New GM tell the dealers to stop acting like jerks may or may not cause the new dealers -- the underlying dealers and the fixers, guys who are dealing with the recall, to stop acting like jerks. And I just wanted to let Your Honor know that we are concerned about people acting like jerks on a going forward basis.

The second reason I brought it to Your Honor's attention is, to the extent that people have historically signed the pieces of paper that the jerks gave them to review, I haven't seen anything in the record other than an oral communication that said New GM will not hold those releases or agreements to arbitrate against the plaintiffs, I raise it now only because for all of our benefit, we'd like to see something about this in writing at some point.

I brought it up in the context of Your Honor's concern about presale conduct and post-sale conduct, and Your Honor, the plaintiffs very much agree that to the extent that one could readily distinguish between actions that go to New GM's conduct, that they can't, as Mr. Steinberg indicated, properly be the subject of the injunction.

But the devil is also in the details on this one because we're not --

THE COURT: Pause for a second. Mr. Steinberg, I'm going to give you another chance to be heard, why don't you sit down for now.

MR. WEISFELNER: In terms of what constitutes New GM's actions versus Old GM's actions, you heard at least one example of how it's difficult, and that is New GM does a recall and could arguably be replacing the ignition switch, not with a new ignition switch, but with an old ignition switch, or that parties are concerned that, you know, they went to their dealer, they got a new ignition switch, they don't know now whether it was a recalled ignition switch or an old switch.

But, Your Honor, and again, I just mention this, not because I think it needs to be resolved, or because I have any evidence to prove it's true, but a lot of what we're reading suggests that calling this an ignition switch defect is an impermissible narrowing of what the issues are.

The ignition switch may or may not have been the cause of air bag failure to deploy. The fixing of the ignition switch, given the electronic calibrations between the switch and the air bags may or may not address the air bag problem. I don't know the answer to any of this.

Other than to tell you again, when we parse out or attempt to parse out actions against New GM for New GM conduct, or things that New GM definitively agreed to assume as part of the sale process, versus actions that could arguably or do, in fact, implicate the injunction that's part of the sale order is, for lack of a better term, easier said than done.

Nevertheless, the plaintiffs as a whole do reserve the right if this process gets bogged down or takes too long, to say, you know what, maybe the quickest thing to do is to spend the time and energy that hopefully we won't have to, to parse through whatever's been filed, and to demonstrate to Your Honor that the allegations that are being made, the liability that's being ascribed, and the damages sought to be obtained as they relate to New GM conduct do not implicate Your Honor's injunction.

For now, however, we'd prefer not to get into all of those potentially dicey issues, as to what does and what doesn't constitute a direct claim against New GM that is outside of the injunction, at least until the parties work hard on trying to get to a position where the due process issue gets teed up for Your Honor's consideration.

And if we can do that in an effective vehicle and quickly, then all of the other noise that may be necessary down the road could be avoided. Because whether it's actions against New GM or actions that New GM contends they're not liable for because of the injunction, if the injunction is dissolved as to this group, because of lack of fundamental due process, it doesn't matter.

So I'd prefer, we collectively would prefer to deal with that issue as, when and if it does matter.

I'm going to skip over the lemon law issues, because I don't think we have much difference of view with regard to the answer that you got from Mr. Steinberg. I do want to stress on your question number four, the inability to get together.

The plaintiffs are together, and with the exception of again one outlier on the issue of what ought to be part of the threshold and what not be part of the threshold, there's not a plaintiff group that we're aware of that isn't prepared to have their interests in the first instance, represented by one of the three of us, with consultation with Ms. Cyganowski, subject, of course, their ability to stand up and say, hey, they didn't present my issue. But we have a commonality of position, a commonality of interest, and a desire to work collectively through these three lawyers.

I'm just trying to see if there was anything else. You've heard our views with regard to an adversary proceeding versus motion practice. I didn't touch on the impact on Old GM and the GUC Trust. And I liked Your Honor took comfort in the fact that Mr. Golden is here, as I do take comfort any time Mr. Golden shows up anywhere.

Look, Your Honor, it's obvious, and you get it, that one of the arguments that New GM may make is if these individuals were damaged or deprived of due process, let's not jump to the conclusion that the right remedy is to have the injunction not apply to them.

Instead let's consider the alternative remedy of having them all get shifted into the category of late filed claims, judicially acknowledged late filed claims, will now, as part of a bankruptcy process, go through a procedure for determining what those claims might be worth individually or on some class basis.

And when that process is all over, then we can let the GUC Trust and its beneficiaries know that their expected future dividends may have to be adjusted or wiped out in order to allow these new beneficiaries of the trust to, in effect, catch up on distributions that have already been made, if in fact, that can be done as a matter of practicality.

And I anticipate that holders of the units including Mr. Golden's clients and others may very well have an opinion about that.

Again, it seems to me that before we ever get near that thorny issue, where lots of people are going to be impacted, and it may not be practical, if we resolve the threshold issue of whether, because of lack of due process the injunction ought not to apply, then we never get into this issue. Unless someone were to argue that notwithstanding the denial of due process the right remedy is not let the injunction dissolve, but the right remedy is somehow to treat these people as if they had late filed claims, and will now just dilute all of the other beneficiaries of the GUC Trust.

Your last point was on mediation, and like Mr. Steinberg, I agree that litigation is inherently wasteful, time consuming, and not a very efficient way of resolving matters, and that whenever possible, mediation is the way to go.

I just am concerned that given where I started, which is to identify, as I'm sure Your Honor knows, the multiplicity of investigations that are currently underway. Just what the role of Ken Fineberg is, just how much money Mr. Fineberg may have at his disposal to attempt to resolve issues, while we would collectively prefer to mediate than litigate, I'm not sure that the environment is such today that we're presented with that effective choice.

Should circumstances change, as I think Your Honor knows very well, the plaintiffs are as willing to attempt to resolve issues notwithstanding how prepared they'll be to prove their cases and collect their appropriate damages. Thank you, Judge.

THE COURT: All right. Thank you. Mr. Flaxer.

MR. FLAXER: Thank you, Your Honor. I note that I'm working in conjunction as co-counsel with the firm of Wolf Halthenstein (ph) which is here by counsel.

Perhaps, Your Honor, I should jump right into an issue that was maybe the only area where the plaintiff group wasn't able to come to complete consensus. And Your Honor added some thoughts to it that I think shed a lot of light and were actually extremely helpful in my own thinking about it. Which is in identifying the threshold issues what the sort of philosophical line of demarcation should be and if I heard correctly one notion that Your Honor suggested was things that can be decided on a legal basis, without the necessity for discovery, but that's -- I'm going to sort of pause there, and say discovery, we've talked about a possibility of limited discovery as opposed to more extensive discovery.

So -- and I think that's an important point to keep in mind. Our view has been that the claim of fraud on the Court, which the objection to the motion and which our adversary proceeding both assert, our concern has been that it's difficult to separate it out from the lack of due process point because although superficially I suggest it might be a -- maybe that's not the right word, but it might be -- it may seem that since fraud on the Court is sort of a more broad remedy or has more prongs to it that maybe need to be established that the discovery in establishing that claim would be much broader and take a lot more time.

As I step back from it, and think about it, if there's going to be discovery on a due process violation, I think when the actual discovery process gets going, the discovery on those two claims will be basically the same.

And I think Your Honor got into --

THE COURT: Wait. I was keeping up with you, Mr. Flaxer, until you said basically the same. Obviously under the covers of all this, is that fraud generally is subject to a time limitation, if I recall correctly, it's one of your words, fraud on the Court, it's not, and that's the difference between 60(b) and 60(d).

But I wasn't clear after that what the distinction you were making was.

MR. FLAXER: The distinction I'm making is that if a due process violation is going to be a threshold issue, and we're going to wind up taking discovery on that issue, then as a matter of judicial economy, it may be wiser to include fraud on the Court at that point, because the discovery is likely to be I think extraordinarily similar if not identical.

THE COURT: I'm not inclined to differ with you in that regard, Mr. Flaxer, but I thought the consensus until you spoke was that other folks in the room who spoke before me thought that due process could be addressed at least in major respects without any discovery.

MR. FLAXER: And if -- and my view on that is, I'm -- what I would say is, that may or may not be right. So maybe what we ought to do here to sort of resolve everything for today at least, is let's proceed with the process of developing stipulations of facts, and lawyers from both sides will work together on that. And when we come back for the next time, I think the parties will be able to advise the Court whether or not they think that based on what's stipulated, we should just put the due process issue to the Court, and put fraud on the Court, perhaps to the side for the moment.

But I don't think we ought to decide that one today, nor do I think we need to. So I don't think there's any need for any difference of opinion going forward from today to the next status conference.

I will confess some skepticism about whether stipulations of fact will be sufficient to address the alleged lack of due process issue, but I'm happy to keep an open mind about it, because as events develop, we all have to be prepared to have an open mind and change.

So our view for today is, we don't have to decide whether or not fraud on the Court should be a threshold issue or not. Let's kick that to the next status conference and let's see how the process goes with developing stipulations of fact.

And I would add as Mr. Weisfelner very eloquently observed, there are a number of government investigations ongoing. I understand that GM's internal report is due fairly soon, I think in early June. That may shed a lot of light on a lot of issues, and that's another fact on the ground that may affect our thinking when we get to the next status conference.

Trying to focus on your threshold issues, and trying not to repeat, I don't have anything to add to the MDL, that's all been said.

As to the dates for when events should happen, we agree that, you know, on the one hand we want to get in and out of this court as fast as we can. On the other hand, we don't want to rush or we're going to wind up right back before you asking for more time, so we think the dates that were in Mr. Steinberg's agenda letter are fine, and we're fine with those.

As to a deadline for amending -- I mean, I'm sorry, for filing additional adversary proceedings or joining in ours, it was never our intention to encourage more adversary proceedings, but we did think it was important that there be a time when the Court be able to know that. I now know the universe of what the pleadings are.

THE COURT: What people want to assert.

MR. FLAXER: Yes. So we're fine with picking a date for that, maybe a date in mid to late May would be fine. Mr. Steinberg's agenda letter suggested May 14th as a date for us to amend our complaint. We are considering three amendments, which we don't think would have any effect on the process that's being developed here, but we're okay with that date.

Mr. Weisfelner discussed sort of the interplay between adversary proceedings and the contested matter. I think that there is agreement here that for discovery purposes and for the scheduling we're doing here today, they should be treated as consolidated and run contemporaneously, and there's no need at this point to have any distinction that's meaningful that I can think of.

I mentioned to Mr. Steinberg this morning in the hallway that, you know, because we filed a complaint, a summons has been issued, and there's a date to answer, which backs into a date for a Rule 26(f) conference. But I think those dates can be just sort of rolled into this process so we don't have to have any, you know, separate concerns about other dates that sort of automatically come with a filing of an adversary proceeding.

THE COURT: I think my understanding then might flow from what you just said, but you're also equally amenable to any procedural consolidation, including briefs to cover the field in both.

MR. FLAXER: Correct.

THE COURT: Okay.

MR. FLAXER: And I think the last point that I have to mention since everything's been so, I must say, very efficiently covered is we're the ones who did raise the possibility of mediation. I think I agree with what both counsel have said before me. I would just urge that we don't lose sight of it and as much as we'd like to avoid extensive discovery here, and as much as I'd hope we can avoid it, but I fear it may not be avoidable, the mediation alternative may wind up being much more productive and better for the victims we're all seeking to serve than extensive litigation.

THE COURT: Okay. Thank you.

MR. FLAXER: Thank you, Your Honor.

THE COURT: Is there anybody else who hasn't had a chance to be heard for the first time who would like to be? Come on up, please.

I'm taking someone in the courtroom first, and then I'll ask about the phone.

MR. MARTORANA: Good morning, Your Honor, Keith Martorana of Gibson Dunn & Crutcher on behalf of the GUC Trust.

THE COURT: Did you say Marona?

MR. MARTORANA: Martorana.

THE COURT: Martorana.

MR. MARTORANA: Yes.

THE COURT: I'm sorry.

MR. MARTORANA: Your Honor, I stand because you had suggested at the outset of this hearing the possibility that issues related to the GUC Trust and claims against the GUC Trust might be better addressed as a threshold issue to start.

Based upon what I'm hearing today, it sounds like there's a consensus among the parties here at least, that this is something that should not be addressed as a threshold issue.

THE COURT: Well, that depends on who you're including within that consensus, Mr. Martorana.

MR. MARTORANA: I meant just these parties over here. Don't -- you would like to have it addressed to the threshold issue?

UNIDENTIFIED: I'll address it later.

MR. MARTORANA: Okay. All right. Then I guess there is no consensus on that, but I will tell you that from our perspective, we believe that it should not be addressed as a threshold issue.

We do believe that first off it will require at least some discovery, probably substantial discovery. We also believe, you know, particularly because as it relates to issues of excusable neglect, which are fact sensitive.

We also believe that it's not dispositive of -- as Mr. Weisfelner said the -- you know, the fundamental issue here which is whether or not claims can be asserted against New GM.

Moving off it being a threshold issue, we also don't believe that this is an issue frankly that needs to be addressed at any point during this hearing -- during this proceeding.

No claimants, none of the plaintiffs, no claimants or potential claimants had raised this as a possibility. No one has filed a motion to lift the bar date. The only person that has raised it has been New GM, based upon, you know, some statements of fact in some pleadings. But the only person that has actually moved forward with it is New GM, and frankly, you know, it's our view that this is essentially a way to deflect liability away, and you know, the attention away from New GM and put it on to a third party.

To the extent that Your Honor is inclined to rule against us and have it either be dealt with as a threshold issue or as a -- I guess, a subsequent issue, we would request to participate in any of the discovery that does transpire. And then to the extent that there are any claims against New GM to be resolved, we would also ask to participate in any mediation.

THE COURT: Okay. Thank you.

MR. FLAXER: Thank you.

THE COURT: Let's see, Mr. Golden, Mr. Posner. First you, Mr. Golden, then I'll hear from you, Mr. Posner.

MR. GOLDEN: Thank you, Your Honor, Daniel Golden, Akin Gump Strauss Hauer and Feld, counsel for certain publically traded public -- publically traded unit trust holders.

Your Honor, I do take your admonition not to pile on, although my name was used in vain, so I figured I'd stand for a minute or two, we agree with the position just advocated by counsel for the GUC Trust.

We think it interesting that none of the potential plaintiffs who might have asserted late claims against a GUC Trust have indicated an intention to do so. It's only New GM that has raised that issue.

THE COURT: Well, pause please, Mr. Golden.

MR. GOLDEN: Yes.

THE COURT: You've been around the block a couple of times.

MR. GOLDEN: Too many times.

THE COURT: If you were a plaintiff's lawyer, would you rather collect a hundred cents on the dollar or 30 cents on the dollar? And if I'm allowed to ask a compound question, would you prefer to try to shoot the moon with a claim for punitive damages or would you prefer to assert that punitive damages claim in a bankruptcy where punitive damages come at the expense of the remainder of the creditor community?

MR. GOLDEN: So I'm assuming both of those compound -- both parts of that compound question were rhetorical.

THE COURT: Yes.

MR. GOLDEN: I understand, Your Honor. I understand the strategy involved, but I think Mr. Weisfelner is correct. There is a looming threshold issue here. I'm not here to argue pro or con on that threshold issue, but that issue once resolved will determine whether there needs to be claims asserted or attempted to be asserted against the GUC Trust.

I think Mr. Weisfelner was entirely correct, we actually debated among ourselves whether to either -- whether to even file a letter seeking to participate at this hearing, because none of this hearing had anything to do with the Trust or the beneficial interest holders of the Trust.

I was, however, concerned on April 30th, that somehow some way the GUC Trust was going to be injected into those proceedings, and therefore, we sent the letter asking to participate.

Sure enough, seven hours later, New GM filed their letter. And for the first time injected that issue into these proceedings. We don't think it's appropriate. We're frankly strangers to these proceedings. There may come a time when the plaintiffs and the claims that the plaintiffs represent, seek to assert those claims against the GUC Trust, it's not now. They haven't done so, they haven't indicated an intention to do so.

Furthermore, Your Honor --

THE COURT: Pause please, Mr. Golden. Put yourself -- I made you put yourself in the shoes of the plaintiffs' lawyers, now I want you to put yourself in my shoes.

Can you see how a judge might be uncomfortable with a scenario under which there's no claim against anybody, assuming solely for the purpose of discussion, that the claim otherwise has merit?

MR. GOLDEN: Absolutely, Your Honor. I've said to my colleagues that you must be struggling at night with these issues, whether to proceed, allow these claims to be filed against New GM. If so, then there's no need for the GUC Trust. But if not, does there -- is there another remedy available by going against the GUC Trust. I understand the discomfort of the Court, but that discomfort was caused by actions taken by other parties.

There's often times unfortunate circumstances when people are deprived of their ability. They fail to assert their rights, they fail to a -- timely assert their rights. Unfortunate things happen in bankruptcy, Your Honor is well aware of that, and I understand the discomfort level. But it doesn't change the fact that to adjudicate whether or not these claims should be allowed against the GUC Trust will require a significant amount of discovery.

The Pioneer standards themselves that regulate or determine whether or not there is excusable neglect is ripe with discovery and evidentiary rationales.

So, Your Honor, I think I agree with Mr. Weisfelner's suggestion, hold this off, it won't be permanently held off. If Your Honor is to determine that the plaintiffs can proceed against New GM, that will probably be the end of it as it relates to the GUC Trust. If that's not the Court's ruling, we can revisit the issue if and when it becomes appropriate.

But to do it as a threshold issue, when there are already so many issues on the table, we think is a mistake.

THE COURT: Okay. Thank you.

MR. GOLDEN: Thank you, Your Honor.

THE COURT: All right. Mr. Posner, come on up, please. Now, I understand that you and your partner, Ms. Cyganowski are acting as liaison between Mr. Weisfelner, and Mr. Esserman and Mr. Inselbuch on the one hand, and the other, I guess it's, I don't know, 50 to a hundred other class action lawyers, do you have some points that you need to make that Mr. Weisfelner didn't satisfactorily make?

MR. POSNER: No, Your Honor, just briefly, David -- for the record, David Posner from Otterbourg, and as you pointed out, and as Mr. Weisfelner mentioned I think twice, Ms. Cyganowski, my partner, has -- is working with that group as a consultant and a liaison counsel-type role.

She asked me to convey to the Court that to the extent that she can be helpful in harmonizing any discord in connection with the plaintiffs' group, she stands ready to assist in that regard. And I would be remiss, Your Honor, if I didn't say I'm working with co-counsel, Harley Tropin of the Kozyak Tropin firm who's here today in the court.

THE COURT: Okay.

MR. POSNER: Thank you, Your Honor.

THE COURT: Thank you, Mr. Posner. Mr. Etkin.

MR. ETKIN: Your Honor, Michael Etkin, Lowenstein Sandler for the plaintiffs in two pending class actions.

I rise only to talk about an issue that has been raised and was raised in Mr. Weisfelner's letter of yesterday, just so I have some clarity.

First of all, given the time frame, the number of lawsuits, the number of lawyers, I think it's extraordinary that the plaintiffs' side has been able to achieve this level of cooperation so quickly for purposes of today's hearing. And having dealt in the class action realm for many years, it is not the usual.

Second of all, I have enormous respect for Mr. Inselbuch and his firm, Mr. Esserman, and his firm and Mr. Weisfelner and his firm, that goes without say. However, I just want to quote from the second to last bullet point of Mr. Weisfelner's letter as it related to the question of liaison counsel for plaintiffs. And that's --

THE COURT: The letter of May 1?

MR. ETKIN: His letter of May 1, yes. And that's what I thought and assumed the state of play was as we walked into the courtroom today. And it's short.

Mr. Weisfelner says, "A majority of plaintiffs has designated counsel as lead counsel for the May 2nd conference. Counsel will endeavor to further a continued coordination amongst plaintiffs. The May 2nd conference agenda should not include debate about the appropriate procedures for such coordination, and if necessary, it can be addressed at a later conference."

I agree with that. I think that there's coordination that still needs to be discussed as we move forward. These three esteemed counsel were designated to appear on behalf of a majority of the plaintiffs for purposes of today's hearing, and I just want to make sure that I understand the state of play correctly.

THE COURT: Well, I take it you're not asking me for a ruling on that.

MR. ETKIN: No. I'm not asking you for a ruling at all. It's not something that really was placed on the agenda, and it's really something for the plaintiffs' counsel and their respective bankruptcy counsel to work out, to the extent more coordination is necessary.

THE COURT: Okay. All right. Anybody else -- oh, there was a gentleman on the phone if I'm not mistaken.

MR. BECNEL: Yes, Your Honor, Daniel Becnel of Becnel Law Firm. I have since filed in the Eastern District of Louisiana --

THE COURT: Okay. Pause please. Was it Becnel?

MR. BECNEL: Becnel, B-e-c-n-e-l.

THE COURT: And did you give me a letter, Mr. Becnel? My prep didn't reflect that letter.

MR. BECNEL: No, we did not submit a letter. We've been on all of the conferences though.

THE COURT: I beg your pardon?

MR. BECNEL: We've been with all of the conference calls that all of the lawyers have had together.

THE COURT: Well, forgive me, Mr. Becnel, I asked another attorney to put himself in my shoes, and I'm going to do the same with you. But frankly I'm not looking for your understanding. I'm looking for you to understand my ruling.

I have before me one full courtroom here, and I believe I have two overflow courtrooms. And I issued an order to obviate this exact situation, which every one of the other lawyers in this entire case was fully able to comply with, and when I issue an administrative order to avoid conduct that results in chaos in a case on my watch, I need the legal community to understand that when I issue orders, I mean them.

So respectfully, I am denying you the opportunity to be heard. If you have concerns, I'm sure that Mr. Weisfelner or his colleagues will return your phone calls. And as you've undoubtedly heard, they're fairly capable advocates.

So I think my ruling is clear. I'm denying you the opportunity to be heard for failure to comply with the requirements of my case management order.

Mr. Stein -- is there anybody else on the phone, of course, a person on the phone who has complied with the requirements of the order?

(No response)

THE COURT: Mr. Steinberg, you can reply.

MR. STEINBERG: Your Honor, I'm going to be very brief. One, to the extent there was a discussion about mediation and Ken Feinberg, I want to just make it absolutely clear that Mr. Feinberg has not been retained to examine the economic losses which are inherent in these lawsuits. His focus has been on the accident victims.

Second, that the accident victims, while not a part of our motion to enforce, it does not mean that there -- that our position is not that they are retaining liability at this point in time for the pre-sale accident victims only.

Third, that I agree with Mr. Weisfelner and Mr. Flaxer that I think as far as melding the two procedures and making sure that the adversary proceeding, the contested matter are all dealt with efficiently, I think we'll be able to do that and work with each other to do that.

I did think Mr. Flaxer had actually a very good suggestion on the fraud and the court issue, is that once we go through the stipulated facts and the -- whether there will be discovery and if so, what narrowly tailored discovery there will be, then we will be able to evaluate whether it's still efficient to deal with fraud on the Court or not as a threshold issue.

And so our suggestion would be as Mr. Flaxer has modified it, is to let us go through the process of stipulated facts and if we do want to put on fraud on the Court as a threshold issue because we actually think we can get rid of it based on a legal theory, and whatever facts we stipulated to, we want to reserve the right to do it. We're not asking Your Honor to rule on that now or not, but we would take that up at the next hearing if we're at that stage.

As far as the GUC Trust, the late filed claim, the reality is that the person who raised this issue was not me in my letter. The person who raised the issue was the objector, and I think it was Mr. Weisfelner who claimed a denial of procedural due process for failure to get notice of the bar order, and saying that he had no other remedy, and the only remedy that he could possibly look to is New GM.

The other person who put it on the calendar was Mr. Flaxer's client, because we've agreed that a threshold issue is three -- I'm sorry, 60(d)(1), which is that if there was some kind of a violation, is there -- should there be an equitable remedy that's fashioned against New GM for Old GM's conduct.

So he's put on the issue as to whether -- because there's no other opportunity to get any kind of recovery, that you have to look to New GM.

Now, when I said that I didn't concede that this was a threshold issue or not, it was because it was more nuanced. I'm not trying to suggest that as a threshold issue we brief the Pioneer issues. What I am suggesting is that the plaintiffs here cannot make a legitimate procedural due process argument relating to the bar order if they want to sleep on their rights and not go against Old GM while Old GM is still sitting with securities. And I thought that that needed to be flabbed (ph).

And that if it's inherent in the 60(d)(1) issue that they're going to look to us because they otherwise have no other remedy, then I think that that is an issue that has to be dealt with. Having said that, and I don't say anything more on that issue.

I do think, Your Honor, and I wasn't sure why Mr. Weisfelner went into it, but his concerns with regard to an issue that I think Your Honor dealt with adequately, which is dealers who may have tried to put conditions on fixing an ignition switch, and Your Honor asked essentially, why are you asking me that, I think New GM clarified that. And as far as we know, it was one dealer, and it was immediately dealt with, and when they asked whether there were other dealers involved, we never got a list for anything else.

So I only say that not because it's relevant to anything here, except that there is press that is listening to this issue, and everybody likes to say in a very broad brushed way, New GM is acting irresponsibly. On this particular issue, we did act responsibly, and on all the issues I think we're trying to act responsibly.

And to the extent that Mr. Weisfelner conceded that he wasn't a class action lawyer, or a negligence lawyer, he's probably also not a scientist or an engineer who could decide whether the air bag issue is one thing or another thing.

I only say that again because the people listening here, that it should be absolutely clear that you can say whatever you want to say, but at the end of the day, it ultimately has to be grounded in fact and a probable claim.

Other than that, Your Honor, we appreciate the time you've given us today.

THE COURT: All right. Ladies and gentlemen, I want you to take a lengthy bathroom break, but hopefully no more than that. I would like people who are interested in my resulting directions to be back in 15 minutes. That would be 25 to 1 on the clock up there.

I can't guarantee you that I'll have it buttoned up all then, but I don't want to impose on you to wait any more than you need to. We're in recess.

(Recessed at 12:21 p.m.; reconvened at 1:10 p.m.)

THE COURT: Have seats, please. I apologize for keeping you all waiting. Here's what we're going to do. In most respects, it will be similar to my tentatives, but with some refinements.

One, I want to leave as much time for thoughtful briefing and thought by the Court as possible. But at the same time, I want this to proceed as expeditiously as I can consistent with fairness. So we're going to consider as threshold issues the two remaining issues shown on Mr. Weisfelner's blackline, the discrimination argument, the possibility that the claims now being asserted may be claims against Old GM or the GUC Trust, and subject to what I say momentarily, even the fraud on the Court contentions.

Messrs. Steinberg, Weisfelner, Flaxer, Martorana, and Golden, or their designees, are to confer and to prepare an order then to be settled on three business days' notice or overnight mail, consistent with these determinations that I'm dictating now, but putting meat on the bones, and providing for agreed upon dates.

Two, you're to meet and confer to agree upon facts to the maximum extent possible, consistent with your professional duties to your clients. To the extent you need to agree to disagree, you're to identify the matters that you can't agree upon and jointly present those identified matters to me, after which I'll determine the materiality of what's not agreed on and how it should affect further proceedings, either by way of authorizing limited discovery, or by taking issues off the table for now, and determining them later.

As a general matter, we're going to get as far as we can without discovery. And notwithstanding what my case management order otherwise provides, there will be no discovery in either the adversary proceeding or the contested matter until and unless I order otherwise.

Three, I consider it preferable to consider the fraud on the Court claims as early as possible, and at this juncture, I'm including it as an issue to bring before me as one of the threshold issues.

But I recognize or at least assume that the fraud on the Court claim is likely to require at least some discovery. You're to confer and see if you can agree on limited discovery that will meet your respective needs on this. I hope, but I'm not sure that you'll be successful.

If after good faith discussion, agreeing on limited discovery is impossible, either side will be permitted to take the fraud on the Court issues off the table as threshold matters, and to defer them for consideration until a later time, assuming that you first identified the problem to me and gotten my green light to do so.

Four, I agree with Mr. Martorana and Mr. Golden that the matters involved in compliance with Pioneer are fact intensive, and are not appropriately threshold issues. But any party will be free to assert that claims now being asserted against New GM are prepetition and not postpetition claims.

Before any decision is made on the extent to which the GUC Trust might have to satisfy any of those claims, each of Wilmington Trust and any holders of GUC Trust units will have full opportunity to be heard on any and all issues.

Each of Wilmington Trust and any holders of GUC Trust units, though in the latter case, with the same kinds of coordination that I expect from the plaintiffs' side, will have unlimited standing to be heard on not just GUC Trust related issues, but on any of the issues that we're considering as part of this exercise; either in the adversary proceeding or the contested matter.

Likewise, in the Wilmington Trust and any holders of GUC Trust units, again subject to the coordination requirement, will be free to participate in any discovery I authorize in connection with the remainder of the issues, even though I'm not authorizing any such discovery now.

But related to that, to the extent Wilmington Trust told me in our discussion that it had a desire for discovery, its request for that is denied at this time, without prejudice to renewal at a time when it's more appropriate.

Five, I will not interfere with the MDL panel's hearing now scheduled for May 29 and will permit the judicial panel and multi-district litigation to rule on where pretrial proceedings with respect to any of the underlying actions might proceed.

But this ruling is without prejudice to the rights of any party to ask me to stay further proceedings before the transferee judge based on rulings in this Chapter 11 case, or based on any perceived delay in my issuing rulings in this Chapter 11 case.

Six, anyone who is unwilling to agree to the temporary stand still that the majority seems to agree upon must come forward before me within a time certain, either on the date proposed in the Steinberg and Weisfelner letters, or an alternative date they might agree upon, in consultation with the other parties that I've allowed to participate in the formation of the order, with a motion asking me to rule on whether I should force such a standstill on the dissenter by TRO or preliminary injunction.

Nothing in the scheduling order will, however, change the usual burdens associated with getting a TRO or preliminary injunction relief.

Seven, parties are to identify any and all issues they want me to decide by a date certain to be proposed by that team who I've designated for that purpose, the same one that's preparing the proposed form of order, and to state whether or not their issues to be addressed as threshold issues or not.

They are then to confer with the others as to when any such issues are best decided, whether as threshold issues or as later issues. If any such additional issues are to be presented as threshold issues, briefing on them should be rolled into the briefing, otherwise authorized. But if they're not perceived to be threshold issues, they can be deferred with a full reservation of rights.

Eight, matters in the adversary proceeding and in the contested matter will be jointly administered. For the avoidance of doubt, this will include joint briefing and joint discovery, if and when any discovery is authorized.

Parties should agree upon a preferred place for a single docket to file all of the documents in connection with this controversy, and to provide for that in the proposed order. As far as I'm concerned, either the adversary or the contested matter will be equally satisfactory.

Nine, other than as I stated, I don't think that I intended to disapprove anything that had been agreed upon between Mr. Steinberg and the class action plaintiff steering committee. But for the avoidance of doubt, if you think I left something out, or was inconsistent in my rulings, I would ask that you tell me that now.

Ten, the matter of mediation is deferred without prejudice to anyone's right to raise the issue at a later time.

So, folks, you can take the weekend off, but after that, please get together as soon as practical to get me an agreed upon form of order, at least agreed upon between the people I mentioned, then to be settled. That order should take care of details, such as proposed dates, which I've intentionally left out of the rulings I just announced. I think you can and should meet your needs and concerns on that.

Now, not by way of reargument, I suspect that there may be some details I failed to address or some loose ends, and I'll allow people to be heard on that.

Mr. Steinberg?

MR. STEINBERG: Your Honor, I think I can deal with everything you said. The only thing is, do we talk to your chambers about the next status conference date, or do you want to give us the date and we'll try to back into to the sum of the requirements before then?

THE COURT: My preference, I think, Mr. Steinberg, is that we do it as an iterative process. You guys, after you've figured out the time you need, tell me what you would recommend as far as a date within a zone. Thereupon my courtroom deputy, Ms. Calderone will see how it fits into the schedule. She'll advise you what we're in a position to do, and then you can either massage your dates, or plug the date we give you into the order that you settle.

MR. STEINBERG: That's acceptable, thank you.

THE COURT: Okay. Anything else? Mr. Esserman, were you rising to be heard in any way?

MR. ESSERMAN: No, thank you, Your Honor.

THE COURT: Oh, okay. All right. Does anybody have anything else?

(No response)

THE COURT: No. Okay. Thank you very much. We're adjourned.

(Proceedings concluded at 1:22 PM)

* * * * *

I N D E X

R U L I N G S

C E R T I F I C A T I O N

I, Dawn South, certify that the foregoing transcript is a true and accurate record of the proceedings.

Dawn South
Digitally signed by Dawn South
DN: cn=Dawn South, o=Veritext, ou, email=digital@veritext.com, c=US
Date: 2014.05.05 13:12:50 -04'00'

AAERT Certified Electronic Transcriber CET**D-408

I, Sheila G. Orms, certify that the foregoing is a correct transcript from the official electronic sound recording of the proceedings in the above-entitled matter.

Dated: May 3, 2014

Shelia G. Orms
Digitally signed by Shelia G. Orms
DN: cn=Shelia G. Orms, o=Veritext, ou, email=digital@veritext.com, c=US
Date: 2014.05.05 13:13:22 -04'00'

Signature of Approved Transcriber

Veritext

330 Old Country Road

Suite 300

Mineola, NY 11501

EXHIBIT 2

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK
Case No. 09-50026-reg
- x
In the Matter of:
MOTORS LIQUIDATION COMPANY, et al.,
f/k/a General Motors Corp., et al.

Debtors.
- x

U.S. Bankruptcy Court
One Bowling Green
New York, New York 10004

February 17, 2015
9:02 AM

B E F O R E :
HON ROBERT E. GERBER
U.S. BANKRUPTCY JUDGE

ECRO: K. HARRIS

Hearing re: Oral Argument on Motion to Enforce.

Transcribed by: Sonya Ledanski Hyde

A P P E A R A N C E S :

KING & SPALDING, LLP
Attorneys for General Motors, LLC
1185 Avenue of the Americas
New York, New York 10036

BY: ARTHUR J. STEINBERG, ESQ.
SCOTT DAVIDSON, ESQ.

GOODWIN PROCTER, LLP
Attorneys for South Texas Plaintiffs
The New York Times Building
620 Eighth Avenue
New York, New York 10018

BY: WILLIAM P. WEINTRAUB, ESQ.

BROWN RUDNICK
Attorneys for Certain Plaintiffs
Seven Times Square
New York, New York 10036

BY: EDWARD WEISFELNER, ESQ.

GOLENBOCK. EISEMAN, ASSOR, BELL & PESKOE, LLP

Attorneys for Groman Plaintiffs
437 Madison Avenue
New York, New York 10022

BY: JONATHAN L. FLAXER, ESQ.

GIBSON, DUNN & CRUTCHER, LLP
Attorneys for Wilmington Trust Company as
GUC Trust Administrator
200 Park Avenue
New York, New York 10166

BY: LISA H. RUBIN, ESQ.
KEITH R. MARTORANA, ESQ.
MATTHEW WILLIAMS, ESQ

AKIN, GUMP, STRAUSS, HAUER & FELD, LLP
Attorneys for GUC Trust Unit Trust Holders
One Bryant Park
New York, New York 10036

BY: DEBORAH NEWMAN, ESQ.
DANNY GOLDIN

STUTZMAN, BROMBERG, ESSERMAN & PLIFKA, P.C.

Attorneys for Barron & Budd & Grant
2323 Bryan Street, Suite 2200
Dallas, Texas 75201

BY: SANDER L. ESSERMAN, ESQ.

KIRKLAND & ELLIS, LLP
Attorneys for General Motors, LLC
300 North LaSalle
Chicago, Illinois 60654

BY: RICHARD C. GODFRY, ESQ.

P R O C E E D I N G S

THE COURT: Good morning. Have seats, please. Well, I know everybody who's likely to speak. So, let me just get appearances of those who will be heard for the transcript. And then I want you all to sit down, because I'm going to have some preliminary comments.

MR. STEINBERG: Arthur Steinberg, from King & Spalding, on behalf of New General Motors.

THE COURT: All right, Mr. Steinberg. Could everybody hear me? I'm not sure if I have the same volume in my mic that I normally do. Can you hear me, Mr. Flaxer?

MR. FLAXER: (indiscernible)

THE COURT: Okay. Thank you.

MR. WEISFELNER: Good morning, Judge. Edward Weisfelner, Brown Rudnick, on behalf of the designated counsel.

THE COURT: Thank you, Mr. Weisfelner.

MR. WEINTRAUB: So, good morning, your Honor. William Weintraub with Goodwin Procter, also designated counsel.

THE COURT: Right, Mr. Weintraub.

MS. RUBIN: Morning, your Honor. I'm Lisa Rubin with Gibbs & Dunn on behalf of the GUC Trust.

THE COURT: Okay. She was kind of far from the mic; that was Ms. Rubin introducing herself for the GUC

Trust. I got it this time, Ms. Rubin.

MS. NEWMAN: Good morning, your Honor. Deborah Newman from Akin Gump on behalf of the participating note holders.

THE COURT: All right, Ms. Newman.

MR. ESSERMAN: Good morning, your Honor. Sander Esserman, Stutzman, Bromberg, Esserman & Plifka on behalf of designated counsel.

THE COURT: All right. And I see Mr. Flaxer right next to you, Mr. Esserman.

MR. FLAXER: Yes, your Honor, only to the extent that we feel that it's necessary to speak for -- it could be a minute or two would be it.

THE COURT: All right, very good. Thank you. All right, folks. With one exception, I want you to make your presentations as you see fit. But before you're done, I'd like you to address a fair number of questions that had occurred to me when I was reading the briefs. These questions (indiscernible) one or another of you, or, in many cases, both.

But first, the exception, mainly Mr. Weisfelner and Mr. Weintraub: you folks spend many, many pages in your briefs talking about the underlying failures of Old GM and New GM to institute the necessary recalls on the cars and the 24 or 25 people at Old GM who knew enough to justify much, much larger recalls. I get it. But that's not what's before me now.

I'm prepared to assume, for the purposes of this controversy, unless Mr. Steinberg really wants to dispute it, that there was enough to require a recall well before June 2009, and that each of Old GM and New GM acted very badly in connection with the delay. But I want to focus on the legal issues. So, let's turn to them.

Starting with due process, Mr. Steinberg, one would assume, I think, that a company's books and records, if they're to determine whether a claim is known or unknown, have to be much more broadly construed than in the financial statement sense. And I take it that you're not arguing that whether or not a creditor is known or unknown turns on whether the company has booked the liability.

So, before you're done, I'd like you to tell me: how would you articulate the standard? I wonder whether the standard should be more than foreseeable but less than probable. But I would like you to put forward your view as to how I should construe that. It's debatable whether potential liabilities associated with the ignition switches were wholly (indiscernible) claims, even if Fritz Henderson and Mary Barra didn't know about them.

But I take it you'll agree that Old GM knew enough to send out recall notices back in 2009. Their people would have known that there was something potentially wrong with their cars. And those who weren't in wrecks could have filed claims or objected, as they're doing now, at the time of the 363 sale. If recall notices had been issued, wouldn't the publication notice that was given then be more justifiable?

Number two: by the same token, Mr. Weisfelner, would you clarify your position on what notice should have been given? I gather the parties have stipulated that there were 70 million GM cars then on the road. I gather also that there were approximately 27 million whose cars, we're learning, later became the subject of pending recalls.

It'd be helpful if you would tell me how many of those 27 million cars were then subject to announced recalls and how many would have been subject to recalls if GM, which was then Old GM, of course, had announced them as it should have. Seemingly, the number would be very, very large.

Now, again, Mr. Weisfelner, is it your argument that mailings should have gone out to each owner, each of those 70 million, in the period between the June 1st, 2009, filing of the bankruptcy and the June 30, 2009, date for the start of the sale lien? Or, for that matter, the June 19 date, which was the deadline for objections in the 363 sale? Or are you saying it should have gone out by mail only to cars with the poorly designed ignition switches?

Both sides: what information do I have in the record on how much it would cost to send out mailing notices to all 70 million of the GM cars on the road at the time, or even 27 million cars? And what information do I have in the record on how much time it would take to send out 27 or 70 million notices?

Mr. Weisfelner, I made a factual finding back at the hearing on the same issue, that the continued availability of the financing Old GM was using to survive at the time was conditioned on approval of the 363 sale motion by July 10. And I also rejected an argument that was made by bondholders at the time that the government's July 10 deadline was just posturing and that I should have argued -- I should have found back then, or assumed back then, that the U.S. government cared so much about GM's survival that the U.S. government would never let GM die.

Well, that seems to have a lot of similarities to (indiscernible) you make now. On that, I know your clients weren't present back then to argue to the contrary, but to challenge -- or to challenge those findings. But others did. Are you challenging those findings now? Do you think there are some facts now to suggest that I should now find that the government was posturing, while you'd rejected that contention back in 2009?

I don't know if I'm going to hear from the GUC

Trust in the first phase of the arguments. But, at some point, Ms. Rubin, when you do get the chance to be heard, which you will sooner or later, I'd like you to help me with this: the cost of administration of the Chapter 11 case, which would at least seemingly include the cost of mailing, would come directly out of the pockets of your folks, the unsecured creditor constituency.

How do you think a judge should decide what's reasonable in sending out notice of a 363 sale to a universe of potential creditors when it comes out of the pockets of those who you know are creditors for absolutely, positively sure, like your bondholders, like your vendors in the supply chain, and victims of car wrecks, people who were actually in accidents who got injured or killed when cars didn't perform the way they were supposed to?

Back to you, Mr. Weisfelner: what would the notice have said, if GM were to do it right, and you say that GM didn't do it right? As I think it was Judge Bernstein said in Chrysler -- I think by then it had been named New Car Co., or maybe Old Car Co., "Things can go wrong with cars all the time. And, while design defects that can cause a loss in cars' value don't happen all the time, or all that often, I don't know if anybody could really say they're infrequent." So, what do you think would have been reasonable under the circumstances?

Both sides: is it appropriate to be making distinctions, when we're talking about honoring claims -- and I'm offering you a view now as to whether there are -- these are unknown claims as a (indiscernible) or not -- between liquidating 11s and 11s where there is a surviving entity, we all know that there's no discharge in a liquidating 11. There is, of course, a discharge in the 11 where a company survives.

A lot, and maybe most, of the case law (indiscernible) you rely on is in the context of expunging claims, either because they're late or because they've been discharged. But it's a lot easier to say that a claim isn't discharged when we have a debtor that's surviving and you can still go after that debtor by ignoring or blowing away the order that protected the debtor upon the confirmation of the case or otherwise.

Both sides: shouldn't we focus on the distinctions between the notice that's appropriate in a 363 sale on the one hand and the notice that's required to give parties a chance to file claims on the other? Or, to the extent that it's different, the notice that needs to be given before a judge discharges a creditor's claim? And isn't it necessary or appropriate to take into account the time exigencies inherent in many, perhaps most, 363 sales, especially those, like most of them, where the debtor only has the cash to survive for only days or weeks?

If reasonableness depends on the facts and circumstances, as the Supreme Court said in (indiscernible), wouldn't it be appropriate to take into account that, in the 363 context, you have to hold a hearing on a sale in four weeks, because you're bleeding so badly that you can't survive any longer?

Mr. Steinberg: you point out that New GM didn't yet exist when notice was given, and that it was Old GM that was responsible for the failure to give the creditor community a notice. But does that matter? Or should a judge simply focus on whether or not the creditor was given appropriate notice, no matter who's responsible for it or for the failure to provide it, and then the extent to which the outcome would have been different if appropriate notice had been given?

Both Mr. Steinberg and Ms. Rubin, back to you. I haven't forgotten about you, Ms. Rubin. Let's assume that I agree with Mr. Steinberg that it wasn't practical to send out mailed notice to the 70 million or even 27 million car owners for the 19 days that they'd have to object to the 363 sale. But isn't it inexcusable for Old GM to have denied people whose cars were subject to recalls notice of the bar date for filing claims?

And even if Old GM thereto -- that is, in the bar date context as in the 363 context -- wasn't going to give the 70 million or 27 million people mailed notice, I have some trouble seeing how they could have responded to the bar date notice and filed claims when Old GM still hadn't sent out the recall notices as of the bar date, when at least seemingly, if not apparently, there wasn't the same degree of urgency.

Now, both sides -- and here I mean Mr. Weisfelner and Mr. Steinberg -- on remedy, assuming I find violations of due process, I have problems with aspects of each of your positions. Mr. Weisfelner, let's turn first to what you're asking for. I gather -- and I think you said it expressly -- that you're not asking me to vacate the entire sale order. In fact, I gather that you aren't even asking me to vacate it, even in part.

It seems to me that you're saying, "Fine, enforce it against everyone else. Just don't enforce it against me, or me and my guys." Is that an unfair characterization of your position?

Both sides: finding a due process violation may not by itself require a showing of prejudice. But isn't the prejudice critical to determining whether there's a remedy for it? I'm inclined to agree with Mr. Weisfelner that finding a due process violation does not by itself turn on prejudice, but it seems to me that the remedy for it necessarily must. The issue, it seems to me, is: what should a Court do about the situation when it finds that there's been a violation of due process?

And here, I'm going to ask you guys to address when the standards are the same when you have a bipolar dispute, or a modestly polar dispute, which is typical in a (indiscernible) litigation, and when you have a case where hundreds, thousands, or millions of creditors are affected by an order, and a very small subset of the universe of people who were affected by the order want that order blown away or ignored.

Mr. Weisfelner, you said in your brief that due process involves the right to be heard, not the right to win. And because you were denied the right to be heard, it seems to me that you're saying you (indiscernible) the right to win. Let's go with that for a minute.

If you (indiscernible) the right to be heard, wouldn't the appropriate remedy be a do-over, to give you a chance to make the arguments that you didn't get to make the first time, and then to look at the matter ab initio to see whether the result should be the same or should be different? Because it seems to me that what you're asking for, assuming that you're (indiscernible) due process and you've heard my questions that suggest that -- and I have concerns as to whether you guys were denied due process --

you're asking to simply win.

Is it speculation or is it totally obvious for me to say now that I wouldn't have denied permission for GM to survive and to conduct its 363 sale so that one group of litigants could get a leg up over another group of litigants? Or I guess I should say one group of creditors should -- could get a leg up on other creditors.

And why in the world would I decide the successive liability issue differently today than I did after talking about it for five or 10 or 15 pages in my first opinion, when I considered the arguments made by people like Mr. Jack (indiscernible), who argued the exact same things that you're arguing now after they had (indiscernible) given the appropriate notice?

So, what I need you to do, Mr. Weisfelner, is tell me that, if you had been given notice and an opportunity to be heard back in 2009, how would things be different? Are you arguing to me that I would have denied permission for the sale, or that I would have granted a free-and-clear order generally but I would have denied it for your favored group?

Or do I properly read from your brief that you would have wanted me to give the sale some kind of conditional approval for your benefit, saying I'd approve it if, but only if, New GM were required to assume your claims?

And then, if that's your position, would you please tell me whether there would be some reason for me to grant that protection for people who were claiming that their cars were worthless or that they were inconvenienced, when I denied that relief for people who were injured or killed in actual wrecks?

Also, Mr. Weisfelner, let's talk about the exact context of 363 sales, and recognize, as I think we need to, that 363 sales are an extraordinarily important part of the bankruptcy (indiscernible), not just in this case but winning in the other 11s, and that whatever I do, for better or worse, is likely to have precedential effect.

How can a judge force a buyer of assets in a 363 sale to assume liabilities that it doesn't want to assume? Isn't the only real remedy to deny authority for the sale totally, or to say, were I the judge back in 2009, that, "Yeah, the sale can take place, but I, the judge, won't grant a free-and-clear order at all"?

And, if that is the choice that's provided to the judge, how helpful is that to the remainder of the creditor community, the thousands of people that Ms. Rubin represents? And do we want to impose a principle of law that requires judges to frag everyone else with the same grenade?

Mr. Steinberg, despite the reservations that I just had expressed, I have some in your direction as well. Before I read the briefs and the underlying cases, I'd started with (indiscernible) stint in bankruptcy, orders and agreements rise and fall as a whole, and that you can't enforce them in part and disregard them in part, or cherry-pick the parts that you like and those that you don't, or, as here, say they're enforceable against most of the world but not against this or that favored class.

But your opponents have cited five cases that seem to do exactly that. Three, while they come out of lower courts, one Bankruptcy, two District, involve 363 sales. The other two don't involve 363 sales, but they come from the Second Circuit. And, while one of the Second Circuit cases is only a summary order, which therefore isn't a binding precedent, it's still a Circuit -- Second Circuit opinion. And, frankly, I don't like to disregard anything that comes out of the Second Circuit, that the Second Circuit tells me.

So, Mr. Steinberg, I need you to talk about Metzger, the 2006 decision by Arthur Weissbrodt, a bankruptcy judge in San Jose; (indiscernible), the 2007 decision by District Judge Mary Cooper in Trenton; and (indiscernible), the 2009 decision by Senior District Judge John Grady in Chicago.

And I need you to talk about the Circuit's 2010 decision in Johns Manville, Travelers v. Chubb, which I think is sometimes referred to -- I believe this is Manville 4; and its 2014 decision in Koepp, K-O-E-P-P, the summary order from a panel that included Judge -- Chief Judge Katzmann and Judges Livingston and Hall.

Finally, while it may be trumped by the holdings of those five cases that I talked about, I still need some help on whether I should be looking at this in (indiscernible) of 9024 and 60(b) terms, or whether I should just bypass what those rules say and get to the "You're excused from the order or not" kind of (indiscernible) those other decisions did.

But I still want both sides to address whether a judge has to look at it in traditional 60(b) terms and either knock it out or live with it, or the third option, which may or may not be permissible under 60(b) doctrine, of living with it in part and validating it in part.

Mr. Weisfelner, you can help me by confirming, if it's true, that you're saying I shouldn't be thinking about invalidating the (indiscernible) or validating the rule but simply refusing to enforce it. But, if that is in fact your position, then help me understand how I can be deciding this without regard to a (indiscernible) bankruptcy procedure in lieu of federal civil procedure. And that would at least seemingly be telling me how I'm supposed to do my job.

Finally, folks, in many ways this is the most important of all the things that I want you to talk about, because I think it's the closest question, in an environment where there are already a bunch of close questions. If we had a do-over, and it's my instinct that, when somebody is denied due process, he or she is entitled to a do-over, the result of part of what you guys are arguing would be pretty clear. But part would be highly debatable. And, in each of those two sides, or prongs, one side would have the stronger side and one would have the weaker.

If we had a do-over, I think it's quite clear that I'd still grant a free-and-clear order, especially since I heard the same arguments before and I rejected them. And I gave them a lot of thought before I did. But if we had a do-over, I'd likely have to consider whether a free-and-clear order in the form that I just issued it was over-broad. And, in this respect, the economic loss plaintiffs, though not Mr. Weintraub's guys, would have the upper hand.

This order, as I read it, not only blocks successor liability, but also blocks claims based on wholly post-sale events that involved Old GM or Old GM parts. This is one of the issues, if not the issue, that bothers me the most. And the issue is whether what I should have done, or would have done if the argument had been made to me then, was to add a new order that was narrower and said that people couldn't sue based on anything Old GM had done, but they could sue if it was based on what New GM had done, so long as Old -- as New GM wasn't blamed for Old GM's acts.

And if, as I'm inclined to rule, I find that, if there was a due process violation, the economic loss plaintiffs would be entitled to a do-over, and if I also concluded, as I'm inclined to do, that, if they got a do-over on successor liability, the result would be the same, the issue or the conclusion I'd reach would have been different, given New GM protection for events that it did that were not premised on anything old GM had done. And I need both sides to address that scenario.

I have only one real question in (indiscernible), so, even though we may not get to it this afternoon, I'm going to get it out anyway. Mr. Weisfelner, is there a reason that you didn't ask me to stay further distributions to Ms. Rubin's guys, the Old GM creditors, until the issues before me now were sorted out? Am I right in assuming, since you're a pretty competent lawyer, that you didn't overlook that possibility?

And can I properly assume that you did it for tactical reasons, because you'd rather get $100 in a recovery against New GM, as contrasted to the $0.25 or so that you'd get on the dollar if you had to go against Old GM (indiscernible)?

Now, with all of that, let's get to work. And (indiscernible) we hear first from you, Mr. Steinberg?

MR. STEINBERG: Yes, your Honor.

THE COURT: Come up to the main lectern, please.

MR. STEINBERG: Your Honor, good morning. I'm Arthur Steinberg, for the record. I'm here with my colleague, Scott Davidson, and my co-counsel from Kirkland & Ellis, Richard Godfrey and Andrew Bloomer. I want to thank your Honor first of all for accommodating all the lawyers for the rescheduling of this conference.

And I'm sure, like my other counsel who will be addressing you today, they're all -- they have a lot of thoughts swirling in their mind as they try to address the multitude of questions that your Honor just went through. But I think I will be able to do it, and I will do it in the order where it was presented itself in the outline.

About a year ago, New GM announced a recall with respect to ignition switches in Old GM vehicles. And shortly thereafter, that started a wave of lawsuits that were commenced against New General Motors, seeking purported economic losses regarding vehicles that were subject to the recall.

In the early complaints that were filed, which sought primarily monetary compensation for the alleged decrease in value of the vehicles based on the ignition switch that was being repaired, these complaints referred to Old GM and New GM interchangeably. They used the words "successor liability," and they pled causes of action which, under the sale agreement, were specifically identified as retained liabilities.

And once we filed a motion to enforce, the later filed complaints tried to sidestep the sale order by, among other things, avoiding phrases such as "successor liability." But even these more carefully crafted complaints could not alter the underlying act that their claims related to Old GM vehicles and parts sold and old GM conduct. And their pled causes of action were the same retained liabilities of Old GM.

And during the summer of 2014, there were other recalls that New GM announced that were unrelated to the ignition switch recall, and that led to additional economic loss complaints being filed against New General Motors, which caused New GM to file a separate motion to enforce for these actions.

And eventually, most of these causes of actions relating to economic loss, and even the accident cases, were consolidated before in an MDL before Judge Furman. And lead counsel was selected in the MDL, and they filed two complaints, which were intended to subsume the economic loss complaints that had been filed against New General Motors.

And the parties referred to that as the presale consolidated complaint and the post-sale consolidated complaint.

And while these events were taking place, certain presale accident plaintiffs also brought lawsuits against New GM. And New GM retained Ken Feinberg to develop a program to compensate, on a voluntary basis, both the presale and the post-sale action and plaintiffs who had the recalled ignition switch in their vehicle and had met the eligibility criteria of the Feinberg program.

And, for those who could not or chose not to participate in the Feinberg program, New GM believed that the actions violated the sale order, since claims based on presale accidents were retained liabilities under Section 2.3(b)9 of the sale agreement. So, a separate motion to enforce was brought to bar those claims as well.

And, in response to these motions to enforce, your Honor held periodic status conferences where the plaintiffs raised, among other thing, the Rule 60 due -- 60(b) due process issues relating to the notice of the sale motion.

Then, in an effort to efficiently try to resolve these issues, the parties, at the Court's urgings, agreed to factual stipulations. And then they identified certain threshold issues that the Court might summarily decide. And substantially all of the plaintiffs entered into stay stipulations so that your Honor could decide those threshold issues.

And so, in the first phase of the oral argument, I'll deal with the three threshold issues that we've identified, which are the due process issues, the remedies issue, and the Old GM claim threshold issue. And then the other threshold issue that had been identified, the equitable mootness issue, will be discussed at a later point this afternoon.

Now, the central event that underlies all of these motions to enforce is the 2009 purchase by New General Motors of substantially all the assets of Old General Motors in a bankruptcy-approved 363 sale. And the sale was structured so that New GM, at the time a U.S. government-sponsored entity, would not be liable for most of Old GM's liabilities, except for specifically defined assumed liabilities.

Importantly, the liabilities that are the subject of the motions to enforce are not assumed liabilities. They're all retained liabilities of Old General Motors. The three -- and the assumed liabilities are the glove box warranty, the lemon law claim, and the post-sale accident (indiscernible) claims.

THE COURT: Pause, please, Mr. Steinberg, because I'll let you talk about that if you want. But maybe I should have said this more explicitly: I'm quite comfortable with the fact that all or substantially all of the claims that had been brought against New GM were not assumed liabilities and are blocked or proscribed by the sale order.

But it seems to me that your opponent's position is more like what we called in Freshman Civil Procedure "confession and avoidance." They say, "Yeah, we know that they're blocked by the sale order. But you should be ignoring the sale order."

So, if you want to -- I also think this is largely relevant to the third of the threshold issues, because I think -- I'll hear from Mr. Weisfelner if he feels differently -- they've conceded that they're covered by the civil letter, but they say I shouldn't be enforcing it. So, if you want to keep talking about what the sale order and the underlying sale agreements say, go ahead and do that. But I think we're probably beyond that at this point.

MR. STEINBERG: Appreciate that, your Honor. And I agree that we are beyond it. I just wanted to make the general point that we are now talking about what is defined as the assumed liabilities under the sale agreement. I recognize that they have an issue with what we call the used car purchases, which are in their post-sale consolidated complaint. And I'll talk about that when I talk about the Old GM claim threshold issue.

And, as your Honor had said, and obviously that you know, the 363 sale was approved after extensive notice was given, pursuant to the Court-approved procedures. A multitude of objections were filed based on the sale notice given and the widespread media coverage that related to the sale. And then your Honor conducted a three-day trial. And the Court then rendered a very extensive sale decision and a lengthy and fully-vetted sale order.

Now, your -- as one of your questions that your Honor answered, which was, "How do you sort of calculate the direct mail notice given? Where is the thing in the record that says that?" the Garden City Company filed a fee application -- a retention application. The retention application actually described what it would cost for each mail notice that it would send out, the cost of the assembling of the package and the cost of the postage.

So, when we extrapolated as to what the cost was for sending out four million notices by direct mail, which we said was $3 million, we then extrapolated, using the same formula in the Garden City Company application, and said that, if you had to send out direct mail notice for 70 million people, it would cost $43 million. So, that's the point in the record that talks about that.

In the sale order, among other things, New GM was --

THE COURT: Pause, please. Is that 43 million bucks for all GM car owners? Or is that for the lower -- somewhat lower number subject to the ignition switches, the 27 million or thereabouts?

MR. STEINBERG: The $43 million number is predicated off of 70 million domestic cars in the United States.

In the sale order, your Honor found that New GM was a good-faith purchaser for value, and it would not have any successor liability for Old GM's debt. And, importantly, the no-successor-liability finding that your Honor gave reserved condition for the sale going forward, that New General Motors would not have gone forward without the successor liability finding. And that's in, I think, paragraph DD of the -- of sale order.

The primary purpose of the 363 sale hearing -- and I think a lot of your Honor's questions were directed at this -- it was not to quantify the amount of the retained liabilities. It was to determine what was the highest and best bid for the assets.

That issue, the allocation of the sale proceeds and the quantification of the liabilities, were for later phases of the bankruptcy case: the filing of the schedules, the setting of the bar date, the filing of a disclosure statement, the filing of a plan. All of those actions were post-sale. They were done by Old General Motors. And they had nothing to do with New General Motors and they had nothing to do with the Section 363 sale.

The -- and I think that that's significant because so much of the briefing that was done in this case by my opponents is directed on the fact -- and the cases that they rely on are bar date cases, where you have the extinguishment of a claim if you don't timely file it. And therefore, a lot of the cases there talk about sort of the "all or nothing" proposition.

Also, the person who is giving the bar date notice is the person suffering the consequences if they didn't give the notice properly, so that, if the Old GM estate should have given a broader notice than they did, then someone who comes in and says, "I should have gotten broader notice, and therefore I should be able to participate in the estate," well, the person who created the problem by not giving the proper notice is the person who has to incur the remedy. That's a totally different situation than a Section 363 transaction, especially because you're dealing with the third party here, the third party being the good faith purchaser for value.

And, in the Edwards case, which we cite in our papers, it is --

THE COURT: That's the Posner opinion, then, of the Second Circuit?

MR. STEINBERG: That's correct. The -- and I know it engendered some criticism on certain facts from my opponents as they try to distinguish it. But the central issue there that I think is critical for your Honor to consider, and underlies some of your questions that you asked, was that they said that due process issues need to dovetail with the concepts of a bona fide purchaser for value, that there are times when there could have been a due process issue that was involved. But when you're dealing with a bona fide purchaser for value, the question is whether that remedy should be asserted against that party.

And the same issue is involved when Courts look at Rule 60(b) and upsetting a sale order by virtue of the fact that there wasn't due process given. The test that they offer is a three-prong test: exceptional circumstances that the party has to show; timeliness, timeliness of the application; and undue prejudice to -- whether there was undue prejudice to the -- any party. If there was an undue prejudice to a party, then you would not be able to get Rule 60(b) relief. That is an essential element to be able to try to get it in order to establish a basis to vacate an order on due process.

And when you're dealing with a sale agreement, and the party -- one of the parties is a bona fide purchaser for value who would not have closed the transaction without a finding that there was no successor liability, you can't vacate that order. You can't partially revoke the order; you can't ignore the order without ignore -- without finding, at the same time, that there was an undue prejudice to the party, an undue prejudice to be exposed to potentially what they've asserted to be billions of dollars of claims.

So, all of that ties in together as to why a 363 order is much different than a bar date circumstance. And I'll get to dealing with the cases that your Honor asked for me to comment about relating to sale agreements, because there the situation was that the sale agreement itself was either overly broad because the debtor could not have sold the asset or didn't provide for selling of the asset, and that's why the Court was carving out the sale remedy. It wasn't because of a due process concern where they're trying to allow one person to avoid what was a foundational element of the sale order itself.

So, when your Honor had your finding and dealt with the sale order issues, you were looking at things that related to whether this was -- whether the assets should have been sold and whether this was the best price under the circumstances.

And your Honor's questions were exactly correct about the differences between a sale agreement and a claims bar order position, in that, when you're moving for a 363 sale, many times you're dealing with a melting ice cube situation. You're dealing with a circumstance where the assets are eroding. Delays are potentially destroying value. And, in this particular case, your Honor had to deal with deadlines that had been set by the purchaser, New General Motors, as to when the sale order had to be issued. And, if the sale order wasn't issued --

THE COURT: But back at that time, were we really talking about the order to enforce?

MR. STEINBERG: That was correct, your Honor.

THE COURT: And Auto Task Force, at some point before the closing, caused New GM to be formed, if I'm not mistaken.

MR. STEINBERG: That's correct, your Honor.

THE COURT: Yeah.

MR. STEINBERG: This is the -- when we talk about New General Motors at the time you're dealing with the sale, we're dealing with the -- essentially the Auto Task Force, the people from the U.S. Treasury. Those were the people making those type of decisions. Those were the people who testified before your Honor at the sale hearing.

Those were the people who said, when asked at the sale hearing, "Why don't you just do assume the presale accident claims; they're not that much; it won't destroy the enterprise if you do that," and they drew their line in the sand. They said, "I'm only going to take what's commercially necessary. I'm not taking this." And that was it. That was it. That was the choice that your Honor had to make: either accept this deal based on how the purchaser had formulated it, or reject the deal.

And your Honor recognized that in the sale decision, when you said that it was for the purchaser to decide which of the prepetition liabilities it was prepared to assume. It was their business judgment of what they wanted to do or not do. And you would either accept the deal or not accept the deal. But you couldn't tell the purchaser, "You have to take these liabilities in addition."

So, with regard to the presale accident claims, they actually tried to show at the sale hearing that they weren't that much. They went through Aon report to try to show that, if you back out the post-sale accident claims that are part of the reserves, then it may be not that much.

And I think Mr. Miller, on behalf of Old GM, when he was the proponent, started to say, "A little here, a little here, a little here, a little here, and all of a sudden you have a purchaser saddled with the same type of issues that Old GM had and that the government wasn't prepared to, in effect, start an enterprise with those --

that kind of burden."

So, you have a situation when you have a bar date where you have a melting ice cube. You clearly have more time to deal with the claim issue. And you have the additional circumstances that, if the person who is moving for the bar date blew it, then that's the party who should suffer the consequences. It's different than when you have a 363 sale.

And I will talk shortly about why that I don't think there was a due process violation at all --

THE COURT: Pause, please. That's the second time you can say that. But can you understand, from a judge's point of view, that he or she, if somebody blew it, as you put it, cares more about that which is necessary to fix the problem than who was responsible for the problem in the first place?

MR. STEINBERG: I understand that, your Honor. But if I was to -- if you had taken my comments to say that I thought that they blew it, I don't think that they did blow it. I think that the publication notice was appropriate.

THE COURT: Of the bar date as well?

MR. STEINBERG: Yes, your Honor. But that's not my fight. That's someone else's fight. I do think that that was the situation. And I think that's consistent with the case law. And I'll talk about that.

But I do think that the issue of who is impacted on the remedy is relevant if there's a due process violation. And your Honor has the Edwards situation that they talked abut, which is that -- assume for the moment that you had two innocents here, you had the person who should have gotten notice who didn't get notice, and you have the bona fide purchaser for value who actually closed the transaction predicated on the facts that your Honor approved.

In the battle between a bona fide purchaser and that person who claims not to have had -- gotten proper notice, the Edwards case said that you side on behalf of the bona fide purchaser. That is the person who wins. And then you're circumscribed as to what the remedy might be, but the remedy will be based on that circumstance, because of the bankruptcy policy objectives of a 363 sale of achieving finality, of achieving certainty, and achieving the best price for the estate. And those items don't override due process, but they help shape due process.

And those objectives, those things that you're talking about now, about those bankruptcy policy objectives, they're actually the elements of Rule 60(b) test, and they're actually the elements of the 363(m) test. In a Section 363(m) test, they say that, if you're dealing with a good faith purchaser for value, and there's no stay of the sale order, then the purchaser takes free of that circumstance. And you --

THE COURT: Pause, please, here, Mr. Steinberg, because, on this one, I wonder whether you're on weaker ground. Mr. Weisfelner, in his brief -- maybe other people said it too -- said 363(m) applies to appeals. We live in an environment where the Supreme Court believes sometimes, or in the view of some, even to an extreme -- you know, we live in a world of plain meaning and textual analysis. Do I have the right to apply 363(m) to a situation other than an appeal?

MR. STEINBERG: No. No, but I don't think you -- I think the point that I was trying to make is that the policy objectives of Section 363(m), what they're trying to accomplish, the policy objectives of the Rule 60(b) test, about an undue prejudice to a third party, they're all relevant of those policy objectives as to how your Honor should approach the problem.

All I was trying to do was saying that the rationale for 363(m) is consistent with what I'm saying before, not that you should be applying a 363(m) test. The rationale of 363(m) is the bona fide purchaser concept, which I that, if you close the transaction and you were a good faith purchaser, and you were not otherwise stayed, then you take, free and clear, whatever comes up after that. You're protected.

Rule 60(b), on the -- vacating a Rule 60(b) order on due process grounds has the same thing. It's done not in the language of 363(m). It's done in the context of that third prong, undue prejudice to a third party. When you have an undue prejudice to a third party, by taking away the asset after you've just paid for the asset, or undermining the fundamental aspect of the deal, the Court is saying you can't do that. You should be able to address due process grounds, but there are constraints of what you should be able to do and not be able to do.

And that takes me back to the Edwards case, which is where Judge Posner was actually saying the same thing again in different words, which is that, when dealing with a sale and dealing with the fact that you have someone raising issues, when you have a bona fide purchaser, the bona fide purchasers are, in effect -- are the thing that you need to focus on. And they actually win in a battle of that type of dispute because of those bankruptcy policy objectives.

The Court -- all of these issues are sort of tied together on the same concept, which is that a 363 sale has certain fundamental objectives, and that, once a sale closes to a good faith purchaser, then we're going to protect the purchaser. And whether you do it under 363(m), whether you're doing it under 60(b), whether you're doing it just as straight as Judge Posner had done it in the Edwards case, it's the same concept.

And I think that affects the remedies issue and it actually affects whether there was a due process violation. And I do want to talk a little about why I believe that there was no due process violation, not because of the notice circumstance, but because I don't think that there was a property right that was extinguished by the sale. And there's five reasons why that's the case.

The first one is endemic to a 363 sale. 363 sales do not, in most cases, extinguish rights. They say, "I'm selling, free and clear, liens, encumbrances, and interest," which the case law includes claims, and say that it attaches to the proceeds of sale. So, there's no extinguishment of a claim.

Now, there are cases where there actually is an extinguished, where, if I'm selling it free and clear of a covenant that runs with the land, then there's not a great remedy that you can have by saying you should attach to the proceeds of sale. And that's some of the cases that the designated counsel cites in their papers.

But when the lawsuit is monetary damages, which is what their lawsuits are, then, whatever their claims are, it attaches to the proceeds of sale. There is no extinguishment. It's another fundamental reason why this is different than the bar date, because of that.

So, the first thing you have is that there's no extinguishment in a 363 sale, whatever rights they have, whatever they think they had, that attach to the proceeds of sale. And they had the right, right after the sale, to assert whatever claim they had in the case. The bar date hadn't been set; the schedules hadn't been set. Whatever it was, they had the ability to do that.

And the Macarthur v. Manville case, which we cite in our paper, says that the underlying principle of preserving a debtor's estate for the creditors and funneling claims into one proceeding in the Bankruptcy Court is a fundamental part of the bankruptcy law.

They actually have the same concept in the adequate protection sections of the Bankruptcy Code, which is you're selling free and clear of someone's property interest, but you're giving them replacement collateral; you're giving them the proceeds of the collateral; you're not destroying a property interest. You're shifting it. And that's fundamentally what happens in a 363(f) sale.

And this point was made at the sale hearing. It was made by Old GM's counsel at the closing argument. It was actually made by Wilmington Trust counsel as well, at the closing argument, as well, too. And your Honor actually had echoed this theme in your decision, when you said, "The sale agreement does not dictate the terms of a plan of reorganization, and it does not attempt to dictate or restructure the rights of the creditors of the estate. It merely brings in value. Creditors will thereafter share in that value pursuant to a Chapter 11 plan of reorganization."

And that same point was made by Judge Gonzalez in the Wolff case. I think it was Judge Gonzalez. And we cite that in our papers as well, too, the Wolff opinion, which is a contested matter that came up after the Chrysler decision and sale order was entered. And there, Judge said, "The purpose of the sale was not to effect a plan of reorganization and set distributions to classes of claimants, but to maximize the value of the estate and support the best possible recoveries under a separately confirmed plan."

So, the first fundamental point is that there was no property right that was extinguished. It's not like a bar date case where, if you don't file your claim timely. It's not like a plan case where you have a discharge. In a sale, the claim shifts to the proceeds of sale.

Second point is to why there was no property right that was extinguished as part of it. And this really relates to the Third Circuit decision in Emoral. And --

THE COURT: Which Third Circuit decision?

MR. STEINBERG: The Third Circuit decision in Emoral, E-M-O-R-A-L. There, the Bankruptcy Court said that, in the context of the successor liability claim -- and here we are talking about they claimed that the sale was free and clear of their successor liability rights. There's no other property right that they were asserting, other than the right that they think they have under successor liability.

Court says that, once a bankruptcy occurs, the ability to assert a successful liability claim is an estate cause of action under Section 544 of the Bankruptcy Code. It's the same right that every creditor could have asserted, and therefore the estate fiduciary is the one who could bring that claim, not any individual.

THE COURT: I have a little problem with that, Mr. Steinberg, because, when we give the estate rights that are owned by creditors before the bankruptcy, we do it by express statutory means such as Section 544 of the Code. The ability to assert a successor liability claim, when it's permissible, is to add a class of defendants that the creditor can sue beyond the original assignor of the property. It gives the creditor a second target, if you will. Isn't that a benefit of the creditor rather than the original target?

MR. STEINBERG: I don't think so, your Honor, for the following reasons. One is that the creditors didn't have a successor liability claim until the sale actually consummated. There was no claim they had against New General Motors. They had no claim if the 363 sale didn't go through. As of the time of the bankruptcy case, they had no successor liability claim against anybody. They had no property right as against anybody.

I mean, successor liability is not the same thing as a property right. It's a claim that someone acquires as a sort of an equitable remedy because there's nobody that you -- because either of the structure of the transaction or because there's nobody else that you could sue. Neither of those circumstances apply in these circumstances. The --

THE COURT: Stick with me for a second, because there is something related to what I just said but that's slightly different as well. Creditor wants to assert a successor liability claim. It wants to go after an entity with the potential to go after 100-cent dollars instead of baby bankruptcy dollars.

That has the effect, for that subclass of the creditor community who can sue for 100-cent dollars, of giving that creditor group a leg up over the poor suckers in the creditor community who can only get baby bankruptcy dollars. Once again, that seems to me a benefit for a favored creditor rather than a right of the estate.

MR. STEINBERG: Yes, but I think, your Honor --

and I think I understand what is troubling you about that, and I think I could isolate it for you. The general concepts of successor liability are generally (indiscernible). There's legal successor, which is a claim that everybody shares. Transaction is structured (indiscernible), and so that the purchaser is the new legal successor of the seller.

De facto merger, continuation of business, or fraudulent purpose in connection with doing the transaction altogether: those are the four general prongs or successor liability. In the product area, in certain states, there's a product line exception. And I think your Honor is thinking a little about the product line exception. And I'll separately address the product line exception.

But, with respect to the four prongs, de facto merger, legal successor, continuation of business, and fraudulent purpose, all of those things are something that every creditor has, not one creditor, every creditor. The plaintiffs here are in no better position than the bondholder or anybody else to have been able to assert those claims.

And that is why Emoral, I think, was correctly decided. And that is why Emoral relied on the Keene Corporation case, which was 164 B.R. 844, a Bankruptcy Court case in the Southern District of New York. And it basically said that successor liability claims are estate causes of action.

And that is why Judge Lifland's decision in Alper Holdings, which is 386 B.R. 441, said the same thing. Those type of successor liability claims, based on the structure of the transaction, those are things that are estate causes of action. The estate representative is the one in charge to bring it. And, in the context of the 363 sale, the estate representative is the one who could release it.

Third reason why I don't think there was a property interest -- and this is actually in your Honor's decision, and it doesn't say it explicitly, and I don't want to put words that says that you tried to say something explicitly, but you clearly had the concept in your mind. In Footnote 99 of your decision, you said that, in discussing successor liability, you said, "The Court notes that, as a matter of federal bankruptcy law, Section 363(f) of the Bankruptcy Code trumps state law and requires a different result."

And so, it would have been nicer if you'd said federal preemption. You didn't use those words, and I don't mean to try to say that that's exactly what you tried to say. But those are -- that is the concept, which is that, when you're -- because of the bankruptcy policy objectives, and the federal bankruptcy law, of trying to achieve returns on assets, that that has a tendency to trump state law.

And, in the White Motor case, the Bankruptcy Court for the Northern District of Ohio, they said that effects of successor liability in the context of a corporate reorganization preclude its imposition. The negative effect on sales would only benefit product liability claimants, thereby subverting the specific statutory priorities established by the Bankruptcy Code.

So, there, he was more -- the judge was more specific in saying that there was a federal preemption concept. But even if you don't want to go that far, your Honor was recognizing in your sale decision, in trying to justify why you were making your ruling on successor liability, that there were concepts about the Bankruptcy Code, Section 363 sales, that trump state law in connection with successor liability. And I think that that is true. And I think that the case law recognizes that. And some judges have said it more explicitly than what your Honor was alluding to.

The fourth reason why I don't think that there was a property right that was extinguished here is that your Honor decided, as a matter of fact and law, that there was no successor liability claim. The four-prong test, the most important factor on the four-prong test -- and this is undisputed -- is that there was no continuity of ownership between the purchaser and the seller. New General Motors was going to be owned primarily by the government. The shareholders of the seller were going to be wiped out. There's no continuity of ownership.

If you don't have continuity of ownership, you don't have de facto merger as a matter of law, you don't have legal successor. Your Honor found, as a matter of law, that this sale was not of a fraudulent purpose. That wipes out the other element.

And, on the continuity of the business section, in the Second Circuit decision of Douglas v. Stamco, which is a 2010 Second Circuit opinion, they actually talked about that provision. And they said, if the seller survives, even in the context of a liquidating trust, if it survives, then you -- then the continuity of ownership factor is not established. You don't have successor liability on that basis.

And that's what happened here. I mean, Old GM survived. Old GM is still -- well, we argue; GUC Trust can disagree -- its successor is the GUC Trust. But certainly it survived until almost -- until two years after the transaction. So, there is no of those four elements, as a matter of fact, that would have established successor liability, which then takes me to the fifth point, which is the product line exception, which is true in only certain states.

And, if it wasn't federally preempted, and if it wasn't in an estate cause of action, and if you were concerned about the claim was going to be extinguished because of the 363(f) concept, even though I don't think that that's true, then you have to see -- do an economic loss plaintiff, do they have any claim under the product line exception? And the answer is no. We have not been able to find a case; they have not cited a case. The product line exception doesn't apply to them.

Whatever the state law was, whatever rights these state laws are trying to protect, it's not protecting economic loss plaintiffs. It's also not protecting presale accident plaintiffs. The purpose of the product line exception is that, after you have a sale, and you've had an accident, and there's nobody to go after, the Court is saying, "I'm going to make the successor potentially liable," in certain states, not a lot of states, a minority of states.

That's not what happened here. Because the post-sale accident paradigm was actually assumed by New General Motors, it took away the successor liability issue on the product line exception.

And that is why, when someone asks me, "Why did your Honor carve out in your decision about successor liability to the extent Constitutionally permissible for the asbestos plaintiffs -- why weren't you broader? Why did you limit to the asbestos plaintiffs only?" and I wasn't sure what the answer was. But I did know that, vis-à-vis the product people, that exception didn't apply anymore. That concern of future creditors didn't apply anymore, because the sale agreement had that as an assumed liability of New General Motors.

So, the threshold issue of the threshold issue of due process was: was there a property right extinguished? And I've told you why, your Honor, there were the five separate reasons why there was no property right extinguished, and therefore you don't have to get to all the other issues that are embedded here.

The next thing I'd like to talk about is the burden of proof. I think, when this case started, I kept on hearing Rule 60(b). And, when you read the briefs that were filed in this case in response to our brief, there's no real mention of Rule 60(b) anymore. They want to make -- they want to say that I'm entitled to this relief but I'm not working under Rule 60(b).

And I think the reason why is what I articulated before, which is that they don't have a case under Rule 60(b), because Rule 60(b) requires them to show that there would not be an undue hardship on a party. And you can't do that with a bona fide purchaser for value.

And that concept of how 363 sales, burden of proof, bankruptcy policy objectives -- I think Judge Peck was trying to deal with that in the Lehman case, when he said that there was something about it that he thought that the burden of proof, in connection with 363 sales, is even higher than in other circumstances, because of that.

And in the Lehman case, he was looking at whether the actual fundamental aspect of the sale -- whether an asset had been properly disclosed to him was appropriate. And even there, he said that he was not going to upset the sale, even if he thought there should have been better disclosure on the actual assets that were being transferred.

That's a much harder case than what's been presented to your Honor, where there's no issue about what the assets were that were being sold. The issue is whether there was a proper description of retained liabilities in the context of a sale which was not trying to extinguish retained liabilities. A hearing where the purpose was not to deal with retained liabilities; those issues were for another day. And therefore, I think that's what the judge was trying to deal with Lehman.

The issue that your Honor had raised in one of your questions, which is, "Can I just carve them out of the sale order, and leave the sale order in place, but just carve them out?" I know your Honor has written and spoken many times, and sometimes I'm on the right end of this and sometimes I'm on the wrong end of this, but your Honor talks about stare decisis, the ability -- the need to follow the law of the circuit, and that that guides how you render these decisions.

And I would just point out to your Honor that the argument about "carve me out of the sale order" was actually made on appeal of your Honor's decision. It was in the Campbell case. And it was actually the presale --

THE COURT: That's the one before Judge Buchwald.

MR. STEINBERG: Yes. It was actually the presale plaintiffs. They said, basically, to the judge, "I want you to apply the sale order to everyone but me. And then you could approve the order." And then the judge used terms like "elective surgery," "knock the props out from the transaction," and said, "I can't do that. And even the Bankruptcy Court couldn't do that. The bankruptcy order talked about this was an integrated transaction. Every term is dependent on every other term. I can't blue-line the order."

And even if there was a peripheral thing that you could blue-line and ignore the provision of the order, successor liability was not a small item here. That was a fundamental, foundational point that you just can't ignore.

THE COURT: Pause, please, Mr. Steinberg. You're ahead on successor liability. But your opponents' stronger position is on matters that were not raised by Campbell. Campbell is Mr. Jakubowski's guys, if I recall.

MR. STEINBERG: Right.

THE COURT: There were 12 litigants who were in real, genuine car wrecks who wanted to sue New GM, along with Old GM. Judge Buchwald, like me, didn't address the more debatable aspect of the sale order, which was protecting New GM from its own wrongful conduct. Now, should I regard her principles as a pawn to an argument that was never made before either her or to me?

MR. STEINBERG: No, but, your Honor, I think -- I'm glad that you raised that point again, because I will try to now answer your question, because, fundamentally, underlying your question is something that I disagree with.

Let me start with the proposition that I agree with you. I think, if New GM had an independent duty in conduct vis-à-vis anything -- and clearly it assumed liabilities, right? So, it assumed the glove box warranty; it assumed the lemon law; it assumed the obligation to conform with federal law on the recall; it assumed the obligation on the post-sale accidents. I think, if those things are involved, then that's New GM's obligation.

And the New GM obligation actually related to Old

GM vehicles. Why? Old GM -- New GM assumed the glove box warranty with regard to Old GM vehicles. New GM assumed the lemon law responsibility as defined in the sale agreement with regard to Old GM vehicles. New GM agreed to assume post-sale accidents with regard to Old GM vehicles. And New GM agreed that, if there was going to be a recall that was necessary on an Old GM vehicle, it will do the necessary repair for an Old GM vehicle. So, New GM did have independent conduct that your Honor was not insulating as part of a sale order relating to Old GM vehicles.

But that was it. If there was nothing that New GM specifically assumed relating to an Old GM vehicle other than those things, then everything else relating to an Old GM vehicle was a retained liability. And it had no independent duty for anything related to that. That was the purpose of the no-successor-liability finding.

THE COURT: Yeah, I understand that. But if Mr. Weisfelner had shown up back in 2009 and made the same arguments he's making now, he would have said, in words or substance, that you can't protect New GM from its own wrongful conduct so long as it's independent of the Old GM conduct, whether or not it involved Old GM or New GM parts or cars.

MR. STEINBERG: If it doesn't involve an Old GM vehicle, or an Old GM part sold by Old GM, or Old GM conduct, he would be right.

THE COURT: Well, let me tell you an example. Suppose I don't think New GM actually fixed its cars. And I don't know whether it ships the parts to mechanics that do. But suppose New GM knowingly -- and I understand this is a wholly fictitious hypothetical. But suppose New GM knowingly put a defective Old GM ignition switch into either a New GM or Old GM vehicle.

If it knew that the switch was crummy, it wouldn't be liable for having designed the switch wrong, but it would -- arguably, I'm not going to get into stuff that's Judge (indiscernible)'s issues -- but it could arguably be liable for knowingly putting the crummy part into an Old GM vehicle.

MR. STEINBERG: I agree.

THE COURT: Or New GM vehicle. And, as I read the sale order, it gets a "get out of jail free" card in that kind of conduct. The sale order and the sale agreement.

MR. STEINBERG: I don't think so.

THE COURT: Okay. Then if you're contending that that wouldn't be an issue, maybe that issue would go away. But that is a matter of concern to me because of the breadth of the documents in which you've read so much.

MR. STEINBERG: No, no. But, your Honor, I think that, if it relates to an Old GM vehicle, and somehow, when it was sold, New GM took on a contractual obligation independently, took on a contractual obligation to warranty some aspect of that vehicle going forward, I think New GM has that contractual obligation. I wasn't looking a-- and I know it's a catchy phrase to say, "get out of jail free"; I don't think that's --

THE COURT: I tend to get a little colloquial, but you know where I'm coming from.

MR. STEINBERG: I do. I do, your Honor. I just feel that there's probably people at the company listening to what I have to say, so I wanted to at least say something in response to that, because I don't think "get out of jail free" is the right way of doing it.

But no one was looking to absolve New General Motors for independent duties that it voluntarily took on after the sale. But it purposefully did not take on responsibilities with regard to Old GM vehicles that were not assumed liabilities. And what they've articulated -- and this is dealing with the Old GM claim threshold issue -- what they've articulated is something that has nothing to do with New General Motors.

And I'll give you an example. There was -- and I think we gave a couple of these in the -- in our briefing. There is a plaintiff named Rafael Lewis who brought -- who's in the post-sale consolidated complaint. They recognize that the presale consolidated complaint, if you're not going to upset successor liability, the presale consolidated complaint falls. The presale accident plaintiffs also recognize the same thing, that, if you -- successor liability is going to be upheld, they lose.

The reason why the lead counsel broke up the complaints between the presale and the post-sale was they were trying to isolate those issues that they think survive even if your Honor upheld the successor liability. So, this is in the post-sale complaint, not the pre-sale, the post-sale.

Rafael Lewis bought a 2006 Chevrolet Cobalt after the 363 sale at an auction for $2800 with no warranty. His claim is that, years after he made his $2800 auction purchase, the value of his now eight-year-old vehicle had gone down, because a recall was announced that was going to fix the ignition switch problem in his car that he was otherwise not aware of.

New GM did not manufacture that car in 2006. New GM did not sell him the car in -- after 2009. Yet somehow, according to the economic loss plaintiffs, New GM is required to protect the value of that car purchased by Plaintiff Lewis with no warranties from unrelated third party. You don't get there unless you have successor liability. That claim is predicated on successor liability.

There's no independent duty that they had on a transaction that they weren't involved with. And the GUC Trust jumps on the misguided bandwagon and says that, and they're equally wrong as well.

We pointed out Plaintiff Barbara Hill. She bought a 2007 Chevrolet Cobalt after the 363 sale from a Nissan dealer. New GM did not manufacture her car in 2007 and they didn't sell her a used car after the 363 sale. Yet, according to the economic loss plaintiffs, on their post-sale consolidated complaint, New GM is liable for the alleged loss in the value of her seven-year-old car after the 363 sale by a Nissan dealer.

You don't get there unless you're asserting successor liability. There is no independent duty. And you can clearly see that by understanding what their post-sale consolidated complaint tries to do.

It says that the people who are -- that New GM is liable to is not the people who just are -- had vehicles that were recalled in 2014. That's the 27 million people. It's not just them. It's everybody that New GM sold a car to since 2009, even if they had no subject to a recall. Why? Because the magnitude of the quantum of the recalls tarnished the GM brand as a whole. And, by New GM profited from selling all of those vehicles. And that's why they should be liable for the tarnishing of the brand.

Well, how does that theory make any sense at all when you're dealing with a used car sale? New GM didn't sell that car. New GM didn't profit from that car. New GM didn't make any representations about that car. That's the -- that's a critical element of their post-sale consolidated complaint; it has nothing to do with an independent duty that New General Motors assumed or not. That's the successor liability claim, nothing more than that.

When the complaint deals with what is in essence successor liability, that is what we say should be proscribed. We're not looking to try to take an independent duty. The reality is, though, they have asserted an independent duty.

The -- Judge Bernstein had this issue in the Burton case. There, they talked about the duty --

THE COURT: Burton being one of the Chrysler cases?

MR. STEINBERG: Yes. There, they talked about a duty to warn. And that was a case brought by economic loss plaintiffs. And Judge Bernstein said, "Duty to warn deals with accidents. You're not asserting an accident claim. There is no duty to warn. It's not an independent duty." He said, "What you're doing is nothing more than a successor liability claim, and I'm going to deny your ability to assert that."

That's the essence of what we're talking about here. And you also get to the concept that these are really successor liability claims when you look at the sale agreement and the sale order. The sale agreement talks about what are assumed liabilities and what are retained liabilities. If you're not an assumed liability in the carefully defined provisions of Section 2.3, then by definition everything else is a retained liability.

Liability is defined in the sale agreement as any liability that occurs or accrues even after the closing date. So, people understood --

THE COURT: Can you -- were you quoting or paraphrasing from the sale order, from the sale agreement, or --

MR. STEINBERG: I'm quoting from the definition of liability under the sale agreement.

THE COURT: Can you give me the cite to that, please?

MR. STEINBERG: It's Section -- it's in the definitions section.

THE COURT: In the definitions of the sale agreement?

MR. STEINBERG: Right.

THE COURT: And that's of retained liability?

MR. STEINBERG: The definition --

THE COURT: Or assumed liability?

MR. STEINBERG: No, the definition of liabilities is in the sale agreement, and that's what I was referring to. Assumed liability versus retained liability is in Section 2.3 of the agreement.

THE COURT: The matter being 2.4?

MR. STEINBERG: 2.3, I believe.

THE COURT: 2.3?

MR. STEINBERG: 2.3. The sale order provision is in Paragraph 46. Paragraph 46 confirms the point, when you're dealing with Old GM vehicles. It provides that, except for assumed liabilities -- again, we're not talking about assumed liabilities -- New GM shall not have any liability for any claim that, A, relates to the production of vehicles prior to the closing date, or, B, is otherwise assertable against Old GM.

Every one of their claims, the economic loss plaintiffs' claims, is a claim that's assertable against Old GM as it relates to an Old GM vehicle. The sale order proscribed that from being asserted against New GM.

And that's why we say in our brief that, if you're dealing with an Old GM vehicle, there wasn't anything that was left to chance. It was a binary choice. We assumed certain specific things -- glove box, lemon law, accidents. We didn't assume anything else. Anything else, they were on their own.

And it's not like this argument wasn't raised at the sale hearing. It was raised by the -- at the sale hearing. This was raised not only by the consumer advocacy groups, it was raised by the states' attorney generals and they actually said things like you know, your Honor, there are people here who may not even know they have a claim and you're in effect eliminating their claim. And the answer is yes. The answer is yes.

And that makes perfect sense as well too because it wasn't like Old GM had stopped manufacturing cars two years before the sale. They were manufacturing cars throughout. There was going to be a circumstance where a car that was manufactured two months before the sale or sold six weeks before the sale that there may be an issue that related to that car and that is going to come up post-sale. And if it wasn't covered by the expressed warranty and if it wasn't an accident and if it wasn't something by the Lemon Law that person was not going to have a claim against new General Motors unless New General motors decided to voluntarily take that claim on. That was the firm cutoff.

But when you look at the sale, the sale order specifically contemplated that these claims, claims relating to latent design defects, that they could be asserted post-bankruptcy and that if they do it is not going to be something that switches the dichotomy between what new GM agreed to and what Old GM agreed to do.

I'm trying to think. I still have a half hour I think. Your Honor --

THE COURT: I know I asked a lot of questions. I'll cut you a little bit of slack on my taking up so much of your time and of course I'll do my --

MR. STEINBERG: Your Honor, I appreciate that. It so happens that I'm so far off my outline about where I am now I probably will need the rebuttal time to figure out how to get back to where I need to be.

I want to talk about five cases that you raised as to why they're not the situation here. The first is --

THE COURT: Before you're done I also want you to help me with the similarities and the differences between Judge Bernstein's opinions that come to opposite results, Grumman Olson on the one hand and Chrysler, I think it may be Burton on the other.

MR. STEINBERG: Well, let me take that because I think Grumman Olson is actually an easy case.

Grumman Olson was a case where there was a post-sale accident and the person who was the plaintiff here had no connection, no relationship at all with Chrysler. It was a person that was driving a car that had a manufactured part that was defective, but wouldn't have known that at all.

Judge, in the Burton case, the argument was that they're a future creditor and you can't cut off their right because they had no connection at all with the debtor.

That's not in any why the situation here.

THE COURT: First, to what extent was either related to whether a claim could be asserted notwithstanding a seeming discharge on the one hand or a 363 free and clear provision on the other.

MR. STEINBERG: I think in Burton, I'm sorry, in Grumman Olson, the judge said this issue wouldn't have come up in like the GM situation because that claim, the post-sale accident claim, is assumed by new General Motors. So, we're not going to have this due process issue. We're not going to have this future creditor issue and Judge Bernstein in Burton said economic loss plaintiffs are different from the Grumman plaintiff. The Grumman plaintiff is at minimum a future type creditor and that's not what the Burton plaintiffs were. They were economic loss plaintiffs. They held contingent claims. They were unknown creditors. They would be bound by the sale order.

So, in one circumstance here you have claims that are assertable against Old GM that they are economic loss claims. They are at worst unknown creditors. I know your Honor wants me to address unknown versus known, but they're clearly not future creditors and plaintiffs don't argue that they're future creditors.

They may like the words of Grumman, but they know that they're not Grumman. They're not the Grumman plaintiffs. They specifically said that they're the opposite of Grumman.

Grumman they said there is no way you could have notified us because we had no connection with the estate. These plaintiffs said you should have notified us and they obviously know their connection with the Old GM estate, they bought a car from Old GM. So, Grumman is not in any way related to the issues that your Honor has to tackle.

If new GM hadn't amended the sale agreement to account for post-sale accidents you would have had to face the Grumman issue in this case now. But that changed.

The Burton case is actually on point -- latent defect discovered after the sale, economic loss claim. The judge recognized that what they were really asserting a successful liability, uses the quote, "Anybody who owns a car now is not going to have a problem with the car."

This case is Burton. To that matter, your Honor, although it doesn't come up in the same exact context, this case is very similar to I think your Morgenstein decision as well too. In Morgenstein the issue that was raised was by a product person claiming that in effect that that there was a fraud on the Court, not a due process violation. They went even further. They went to the fraud on a court section and they said when Old GM presented its plan, when Old GM presented its bar date they didn't send us the notice that they should have. They knew that there was a defect in the product that we bought. There are 400,000 cars that are affected. We should have had notice. We shouldn’t be subject to the bar date. We shouldn't be subject to the injunction under the plan.

The remedies that they asked for were a little unusual. They asked for a partial revocation of the plan which there are specific sections in the Bankruptcy Code which talk about revocation of the plan and your Honor did a strict statutory analysis, but it is in my view similar to the partial revocation remedy that the plaintiffs are trying to assert here. And then your Honor said that they didn't plead fraud with the particularity, Rule 9B in the Morgenstein decision.

But fundamentally what they were arguing about was I should have gotten notice, I didn't get notice and now I'm barred because you knew, you Old GM, knew that there was a defect in my car and you didn't tell me. And their ultimate remedy was you don't have a remedy and that I think is similar to the circumstance that you Honor has here.

The five decisions, let me see if I can get this right, the Metzger decision. There was -- the county had a covenant to the land development and they were a known creditor. People knew that they had a covenant with the land, it was a public record, and you couldn't then sell the land and then try to preserve the covenant. So, the court had to deal with that singular circumstance and the purchaser was arguing that the covenant was wiped out by the sale and that there was no way that the sale proceeds could satisfy that. So there you were dealing with a circumstance where there wasn't a monetary damage claim and the 363 sale actually reflected an extinguishment of a known property right. That's not I think what you have here.

THE COURT: But one of the reasons that I was troubled or at least, not troubled, but was worried or of the view, perhaps is the best of all the words, that those five cases could be very significant here, is that I think if that's -- you're talking Metzger by Arthur Weissbrodt?

MR. STEINBERG: Mm hmm.

THE COURT: He declined to blow away the free and clear nature of that covenant without invoking 60(b), didn't he? Was he just wrong when he did that? And I'm going to ask the same question with respect to the other four. If I think the bankruptcy judge or a district judge gets it wrong I'm free to say that. I'm much less free to say that -- I can't say that if it's a decision by the Second Circuit.

MR. STEINBERG: Well, your Honor, I think that you've asked a very interesting broad question and I think you obviously can decide it on the narrow grounds which is the facts presented to you are not the Metzger type circumstance and therefore however the judge approached the problem in Metzger is not the same as you.

But if you're asking me on the most broad concept, which is that are there cases where you don't need to get the 60(b) in order to deal with a circumstance, there probably are, but they probably have unique circumstances as well that are not here. For example, Fuentes v. Shevin. It's whether you could --

THE COURT: (indiscernible) detachment?

MR. STEINBERG: You can have a (indiscernible) without notice to somebody. There the Supreme Court was arguing about the Constitutionality of a statute and in that circumstance the Court said that I'm going to invalidate the statute as violating the due process clause. It's not a matter of moving to Rule 60(b) because no due process was given in effect of the procedural due process, it's a sort of a substantive due process which was that the statute itself was improper.

I would say there are five cases that plaintiff's counsel have cited that fit within that paradigm which is that what actually was being done was the Constitutionality of the statute itself and a court was saying I'm not enforcing the statute. The statute doesn't give people their elementary due process rights, that if you have a circumstance where the statute says I give publication notice for the potential extinguishment of a lien when it's a lien of public record, the Court is saying in those circumstances you'd better give direct mail notice. It's easy to give that individual lienholder credit notice and there's something wrong with the statute altogether. I'm invalidating the sale and I'm invalidating -- I'm saying they didn't get their due process rights. And they're not doing it on Rule 60(b) grounds, they're doing it based on the fundamental element of the statute itself.

So, if you're asking me whether I think in this particular case Judge Metzger got it right when he said that a covenant with the land was a situation where you're dealing with a known creditor and the direct mail notice was not provided, I think Metzger was a situation where courts have to struggle with the notion that if you're a known creditor and you didn't get notice you'd better have a good reason why and that if you knew -- if it's the type of covenant -- if it's the type of thing that's a matter of public record then there's an element that the purchaser kind of knew that as well too and therefore it's not as clean as a circumstance that we have here. So that's Metzger.

Polycel, there I think there's an easy answer to that question. In Polycel, I think you called it Polycal so either I have a typo in my outline or I got it wrong, but I think I'm talking about The 2006 WL 4452982 bankruptcy New Jersey case in 2006.

THE COURT: It's from a district judge out of Trenton if I'm not mistaken.

MR. STEINBERG: Yes. I don't know if it was the District Court or a bankruptcy court, but I have it as a New Jersey case. There the issue was can you sell molds that were used by the objector to the sale and there the Court said that the debtor didn't own the molds. So this was an issue that as a matter of Section 363 the debtor had no right to sell, that the molds were not owned by the debtor, therefore a sale of a right, title and interest where the debtor doesn't own anything didn't transfer anything.

Important to know that also in Polycel that the purchaser agreed to take the assets subject to whatever the debtor's interest was. So they took a quit claim on the molds. So when the Court carved out the situation, they weren't carving it out on due process grounds, they were simply saying that the objector is entitled to its property interest because the debtor had no right to sell it and the debtor didn't actually sell it.

That's -- then court said you couldn't say take the sale proceeds to compensate you for the loss of your molds because the guy needed the molds for his business. They were essential to the integration of his business, that it was an irreplaceable items. That's how Polycel is a different circumstance from your Honor.

Compak. Compak was a case where a creditor did not receive the notice and he held a license to a patent owned by the debtor and the argument was that the sale order extinguished the license itself and the Court said the creditor had no remedy because of the loss of its license. It was critical for its business and that the Bankruptcy Code had special protections for patent licensees and therefore the Court wasn't going to enforce that order vis-à-vis the licensee.

And the Court also said, I think it was this case, that license didn't seem to be so critical for the --

THE COURT: I beg your pardon?

MR. STEINBERG: The license didn't seem to be so critical to the purchaser, but there was a specific property right and that the debtor had no right to sell it free and clear and was a known contractual right and therefore they were a known creditor.

We think first it starts off that they were unknown creditors and therefore the notice was proper. But in the known creditor situation when dealing with a license, the Court said there are special protections for licensees and you can't compensate that person monetarily by saying your lien attaches to the proceeds of sale, how to deal with it in different circumstance.

So, I keep on going back to the same point, when someone sues for monetary damages then not a license, not molds used for their business, the remedy that you can afford to use is something other than -- attaching to the sales proceeds doesn’t protect the objector who was deprived of due process.

Different circumstance here. When you're suing for monetary damages clearly sale proceeds can accomplish that goal.

Koepp, that's not a Bankruptcy Code case. That's a railroad reorganization case under Section 77 of the Bankruptcy Act. The creditor held an easement of the record, but got no notice of a plan which attempted to extinguish the easement.

In that railroad reorganization case they entered something called the consummation order. Under the consummation order it said you could not extinguish this encumbrance because it runs with the land and it was only going to extinguish rights if you were a claimant or a stockholder and the consummation would only apply to those people and the person who held the easement was neither a creditor nor a stockholder.

So the Court said that the consummation order didn't govern what -- it didn't cut off this person's rights anyway because you're an easement holder, you weren't the creditor or stockholder and the only thing I was covering in my consummation order were the rights of the creditors and the stockholders.

So again, it was interpreting its order to say it didn't apply, not that they were carving out something that clearly applied for due process reasons.

THE COURT: Didn't the circuit in that case say that they found a violation of due process and didn't they blow away the extinguishment of the complaining creditor's interest without every talking about 60(b)?

Now summary opinions are called summary for a reason because they're not drafted with the precision that plenary opinions are. With that said, and I don't want to be critical of the circuit, but seemingly the circuit didn't think 60(b) was that important.

MR. STEINBERG: Well, your Honor, I think to defend the circuit, if I'm presented with an order --

THE COURT: If the circuit didn't think 60(b) is important, that tells guys like me we're not supposed to think that 60(b) is that important. I'm not allowed to think that the circuit was wrong.

MR. STEINBERG: No, no. I actually think that 60(b) is important, but I think Koepp is a case where the Court was interpreting the order that was entered and saying the order didn't apply to the objective. The order was the consummation order. The consummation order only affected rights of creditors and stockholders and they were saying that an easement person, any person who held an easement, was not a creditor nor a stockholder and therefore its rights were not extinguished and therefore I didn't have to deal with 60(b), I was interpreting the order and saying it didn't apply to them.

It was the same thing as the -- I'm sorry, which talked about the molds. You know, you cn only sell what you own. You didn't own the molds and therefore I'm interpreting the order to say that those rights in the molds weren't extinguished. It doesn't involve 60(b), it involves an interpretation of the actual order itself. And so I do think 60(b) is important except you didn't need to reach it in that case because you were interpreting the order and you were trying to decide whether the order covered the circumstance that was being complained about.

And then I think the last one is Manville IV and there I think Manville IV fits within the same paradigm. Manville IV was a circumstance where there was an injunction that was entered as part of the Manville case and the focus of that injunction was that entities like Travelers would be protected from lawsuits and that they would be protected from lawsuits because if they didn't that would erode the insurance that otherwise was being given to the Manville estate.

So, the insurance agreement was the res that was part of the bankruptcy estate. In Manville IV the litigation was between Chubb and the insurance company and it didn't relate to the insurance. It related to whether the insurance industry had defrauded as a whole the asbestos industry and that they should have been protecting the industry as a whole and the claim that was being asserted was a contribution claim which was a prepetition direct claim that one insurance company had to another insurance company. And there the Court was saying that wasn't what this injunction was dealing with. That wasn't what the court had jurisdiction to issue an injunction. It wasn't going to prevent a direct claim against another direct claim that was unrelated to the insurance res which was what the Bankruptcy Court had to deal with and therefore it carved out and said that this didn't apply.

And then in Manville V it said that there wasn't a failure to meet a condition precedent because the injunction didn't apply to it in the first place.

Now, Manville has gone through lots of litigation.

It has gone through up and down the circuit a number of different times. That is what was involved in Manville IV. The most telling distinction between Manville IV and the case at bar is that Manville IV was a future creditor case or not even a claim at all case. They're arguing that, the Chubb is arguing it never could have been contemplated at the time of the channeling injunction under the plan that you would have this type of claim -- someone claiming that the insurance industry as a whole was defrauding the asbestos industry and therefore it wasn't contemplated, no one could have expected that type of claim and therefore it shouldn't be barred by any kind of channeling injunction.

That's not their situation, right? Their situation is that they're a known creditor, that they should have gotten notice as to the time of the sale and we cite in our papers a case which talks about, while there are similarities between a channeling injunction and a 363 sale where there's an injunction to protect the purchaser, in the Campbell case the court says while there are similarities and there are similar rationales for the protection, it's not the same and there are bankruptcy policy objectives relating to a 363 sale which are independent of the channeling injunction that's part of the plan.

So, I think, your Honor, those are the five cases that you've asked me to address. I'd like to talk a little about the claim-specific notice issue.

The 363 notice approved by the court did not identify any specific liabilities retained by Old GM because it wasn't the purpose of the sale hearing and it actually didn't have to. The sale notice itself said it was free and clear of all liabilities and it was other than assumed liabilities. And when you say all, there's no need to break down that further into its component parts.

Importantly, the creditors committee, the states' attorneys generals, the consumer advocates and the vehicle owner attorneys never challenged the sale procedure order and the specificity of the sale notice and that was never appealed at all by any of them.

And as noted, the sale notice told parties what they needed. They told them that the sale would be free and clear liens and it gave access to the sale agreement and the sale agreement said that -- defined what were retained liabilities and said it's going to be free of successor liability claims. And this picks up on one of the questions that your Honor had asked. A more detailed claim notice would've been extremely costly and it would have delayed the sale and the value --

THE COURT: They're not really attacking the specificity of the sale notice to my understanding. They're saying that if mailed notice of the type that was sent with

-- I think they said first class mail, but maybe by hyperbole they said by registered mail, that by not having sent out the recall notices Old GM was hiding the cards. And maybe it's Mr. Weintraub's brief, maybe it's Mr. Weisfelner's or both, but one of them says even if you had mailed us the notice it wouldn't have been good enough because the recall notices haven't gone out. Could you address that contention?

MR. STEINBERG: I think --

THE COURT: Or am I imagining that they said that?

MR. STEINBERG: I don't think that they say it like that. I think they say it slightly differently. I think they say that the notice had to specifically say there was a defect and that you may have rights that are extinguished if you don't file a claim. So, they were putting the burden on the proponent in the sale context to identify all the liabilities that would be potentially extinguished by a no successful liability finding and to have it said with explicitness. That's what I think they said. I don't think they tied at all to the recall notice.

And by the way, if the recall was done in 2008, then what? If the recall was done six months before --

THE COURT: Well, if the recall had been done in 2008 I'm not quite of a mind to say you would win this in a heartbeat, but if the recall had been sent out in 2008 I think that that coupled with the publication notice would put you in a very strong position.

MR. STEINBERG: The recall -- the element of a recall, this -- to put it in context, is that there was a defect of a safety nature that needed to be remedied. Old GM had been sued by lots of people prior to its bankruptcy based on failures to design the car properly, breaches of implied warranty of merchantability, fraudulent concealment in the context of selling the car. Those claims existed throughout.

Your Honor had to deal with those circumstances in Castillo. Your Honor, approved the settlement in (indiscernible) and (indiscernible). All of those were in effect economic loss claims. They were breach of warranty actions where there had been class actions that had been certified, but not approved as of the time of the settlement. All of those claims are Old GM claims. All of them had been paid as Old GM claims.

The recall of when you send out a notice or not is -- I don't want to minimize it, but it is not relevant to the issue that I think your Honor, has to address. The issue is whether warranty claims, design defect claims will retain liabilities and if they were then the issue is whether the sale notice was proper.

And your Honor has asked the question well, what is the objective, what is the test that I should look at? You know, they use language like reasonably, reasonably ascertainable, but that's not reasonably foreseeable. What does it mean by looking at the books and records? Is it the same as a financial statement?

THE COURT: I take it -- that's easy. You agree that it's not the financial statements.

MR. STEINBERG: I agree it's not the financial statements. And I think that the Drexel case actually illustrated that because there you had a contractual guarantee. Guarantees don't necessarily have to be on a financial statement. It didn't mean that if you had contractual guarantee you shouldn't be noticing that creditor if it was in the context of a bar date situation. Not a sale, but a bar date. So I agree that the financial statement is not the end all be all.

But when we say books and records we're not talking about, you know, we're not talking about the financial statement. We're talking about the general ledger of the enterprise, what is listed as the creditors of the company on the company's books and records. We're looking at what the litigation calendar is. People who had sued the company. People who have made a claim against the company and that's the issue that I think your Honor has to tackle which is that if it's not a contractual claim, if it's not, you know, the cases they cited if there's an easement, if there's a mortgage you should give notice to the mortgagee. If I have a contractual claim that I know about I should be giving notice as if I'm trying to sell or if I'm going to try to do a bar date. Those are known creditors.

But what is the objective test when you have an unasserted tort claim where the tort claimant has never made a claim for that at all? In this particular case, look at the circumstance here, you have, you know, the ignition switch recall went back as far as 2004-2005. So you have people who drove their car for five years. One of the arguments on the claim-specific notice is that they didn't know they had a problem. So they drove their car for five years. They didn't know they have a problem. It's only the announcement that we're going to cure the problem that you weren't aware of that they say creates the economic loss claim.

But if they haven't unasserted a claim and it's a stipulated fact that none of the named plaintiffs in the ignition switch action actually asserted a claim against Old GM as of the sale. So none of them asserted a claim and Old GM didn't have it on their books and records and didn't have a claim that's being asserted.

One of the things that I think this is clear also is that you can get caught up in this due process argument, and I don't mean to minimize the importance of due process, but the reality was is that they generally knew that there was a sale hearing anyway. They've never argued, they've never put in one affidavit to your Honor that they weren't aware of the sale hearing. Whether they got the direct mail notice, the publication notice or they read one of the 1,250 newspaper articles or they watch television, you know, this was what Judge Kaplan said. No sentient American was unaware of the travails of Old GM.

And the cases that they cited which talk about Old GM's awareness of the bankruptcy filing is not the same as the awareness of the particular bankruptcy event. Well those are cases which deal with the bar date. Every case that they cite dealt with the bar date and there the courts were saying I may know that there's a sale, I'm sorry, I may know there's a bankruptcy, but I don't know in a Chapter 11 when the bar date was set. I could have my rights extinguished if the bar date is entered and I don't know about it and it's a matter of who has the burden of telling somebody about the setting of the bar date when it's not set in Chapter 11 by statute, but it's set by court order. And there those cases are saying the burden is on the proponent asking for the bar date to send out the notice and merely the knowledge of the bankruptcy filing will not obviate the necessity of giving the notice of the bar date where their claim would otherwise be extinguished. That's not the circumstance here. But the reality is that they know. The named plaintiffs. The people that they control. The people they could talk to on a daily basis, they know if they were aware of a sale hearing or not and there's not one piece of paper that they've issued that says they were unaware of the sale hearing and the magnitude of what happened in 2009 was that everybody was aware that this was happening. This was not something that happened just on June 1. The foreshadowing of the potential bankruptcy of Old General Motors and the fact that the government was going to be the sponsor to buy the assets of the enterprise and whether that was a legitimate use of government funds was widely debated, widely publicized and widely known by everybody that was involved.

So, the issue of notice here is to some extent irrelevant and your Honor, asked the issue about prejudice and prejudice is also the same thing because it's not should I have been able to argue my issue about proving my warranty claim. That's not the issue. The real issue is would I have been able to come into court and argue successor liability any differently than anybody else argued successor liability?

THE COURT: That's the easy half. The sale order had been circulated in proposed form June 1st or June 2nd substantially immediately the proposed sale order after the

363 motion was filed. But a reasonable tort litigant may have said I'll never in a thousand years win on successor liability, but I can argue vis-à-vis the form of the order and (indiscernible).

Your problem is (indiscernible) enough to convince me that I would have not issued a free and clear. Your problem is to convince me that I would have issued a sale order with the exact (indiscernible) and language that the one that was entered ultimately turned out to be.

MR. STEINBERG: Well, your Honor, they have not articulated what it is in your sale order that they would have been able to argue was overbroad. I mean, that's a question that you legitimately have asked.

THE COURT: I thought they did. I'll certainly hear from Mr. Weisfelner and you'll have a chance to reply.

MR. STEINBERG: All right. But again, just to be clear, if there was an independent duty that New GM had after the sale, then I don't think your sale order protects them of that independent duty that Old GM had. But vis-à-vis old GM vehicles, that duty had already been parsed out and that -- nothing was going to change by that and that the timing of when you're raising the issue is irrelevant.

That issue relating to Old GM vehicles had been parsed out and there were only certain things that New GM was going to do and everything else it wasn't going to do.

The bar date toxic tort cases cited by the plaintiffs are readily distinguishable for exactly the reasons why I think your Honor highlighted in your questions and which I tried to argue before and it relates to the differences between the 363 sale and a bar date notice. The timing of when something is issued and what is accomplished by the extinguishment of a claim and that in a toxic tort situation the person actually doesn't know that they have a claim. They have to be told they have a claim. While in a sale situation here the plaintiffs knew they had a car, they knew their relevant with General Motors.

I know that I'm past my time. I just want to be able to briefly say in five minutes something about the prejudice point and then I'll say whatever else that your Honor has for my rebuttal.

The no prejudice point we've articulated as saying that when you're dealing with a bona fide purchaser the remedy can't be asserted against that entity and we also said that the sale notice attracted many objectors who argued the exact same position that plaintiffs are trying to argue now. They argued that the sale agreement should be broader to protect warranty claims, all consumer claims.

Your Honor heard the argument that if the bond exchange had been approved, everybody else would've written through the bankruptcy case other than the bondholders. They would have converted. But now we have a sale where other people are more broadly affected including the car loans and that's why you had a number of the agencies there. You had over 40 states' attorney generals and you had the creditor's committee, the fiduciary for all creditors raising the issue about successor liability and whether these claimants should have realized that their rights were being cut off.

And the answer was that the argument was raised and their rights were being cut off. And the importance to be heard in a bankruptcy case is true, but that doesn't mean anything if you otherwise got notice of it in another way and it doesn't mean anything that if you stood up in court you wouldn't have anything new to say on the successor liability issue at all.

So, your Honor, I know we have a hard deadline and so I'm going to stop at this point in time and I'll address whatever else I need to on my rebuttal time. Thank you.

THE COURT: Okay. We'll take a 10 minute recess. I'll hear next from you Mr. Weisfelner. What is hard is the approximately 3:15 time that I need to get out of here. The rest we have some flexibility on. Refresh my recollection on what was agreed on when we return Mr. Weisfelner. Can we get you done before lunch?

MR. WEISFELNER: Your Honor, I think --

THE COURT: If we do lunch late enough?

MR. WEISFELNER: I think you can. I think between the three designated counsel in the last letter submitted to your Honor we had asked for an hour and 35 minutes. We're going to keep to the hour and 35 minutes, although as between Mr. Esserman and Mr. Weintraub I think we're going to switch their order because it makes more sense in terms of keeping the due process arguments in the same vein. But we will keep to the same timeframe that we had originally contemplated. Your Honor, we can start. You can break us for lunch or keep us here before lunch. It's really up to your Honor.

THE COURT: Well, if you can do it in an hour and a half what I think I'd like to do is give you guys to do your thing and break after that.

MR. WEISFELNER: I think that's fine.

THE COURT: There was a request by somebody for a caucus room. I said I would approve it assuming that everybody had the same ability. I mean all three of the main constituencies. I think that has been done. That will be clarified perhaps during the break. All right, we're in recess, 10 minutes.

MR. WEISFELNER: Thank you, judge.

CLERK: All rise.

THE COURT: Have seats please. Okay Mr. Weisfelner, whenever you're ready.

MR. WEISFELNER: Thank you, judge. Your Honor, by my count you had asked about eight or nine questions that were directed to me or other designated counsel and I intend during the course of my presentation to respond to each and every one of them. But I do want as a highlight and before I get into my prepared outline, I basically think that your questions were all of one variety or another of the same theme.

First, was there indeed a due process violation in this case? I think a subset of that question, what was the nature of that due process violation because your Honor also asked a number of questions that went to the question of how might that due process violation have been avoided back in 2009. And then you also asked a number of questions about what's the appropriate remedy were the Court to determine ultimately that there was a due process violation.

And one of the things that your Honor indicated that frankly troubled me and I want to address it right up front, your Honor, seemed to suggest that the appropriate remedy for a due process violation would be some semblance of a do over. I think that was the phrase that your Honor used, the do over. I must tell your Honor from the outset that I am concerned about how one would effectuate a do over.

In 2009 the ignition switch defect that we contend

GM knew about but failed to disclose, your Honor's phrase failed to do a recall, but I think it goes deeper than that and I'll get to that, was again something that had been pending for seven full years. And if we're going to do a do over how do we deal with the fact that in 2009 our new purchaser, New GM, was going to maintain that silence, was going to keep the ignition switch defect, which now we know is a pervasive safety defect, was going to keep that secret for another five full years? How in the context of a do over do we deal with that 12-year history, seven years before the sale, five years after the sale where there was a known safety defect that GM failed to disclose? I don't know how you'd do a do over in that context. If you did a do over, would it impact your Honor's ability to give them a 363(m) finding?

We also heard a lot about remedy and in the context of remedy we heard a whole long discussion about successor liability and does it apply and does it apply in the general context and does it apply in the context of, and this is critical, a car manufacturer. You didn't hear very much about the fact that GM is a car manufacturer and how to affects the law that ought to be applied in the case, but I'll get to it.

Your Honor, if the order isn't enforceable, and that's what we're here on, New GM's motion to enforce your

Honor's 2009 sale order, well if the order is not enforceable for reasons I'll explain, then your Honor' determination with regard to successor liability is likewise not enforceable and it will be up to, not this court with all due respect, but Judge Furman in the MDL or other courts that have jurisdiction throughout the country to determine what if any remedy is available to the plaintiffs if GM's motion to stop them from prosecuting those complaints is unsuccessful.

It'll be Judge Furman who decides if successor liability applies. It'll be Judge Furman who decides that that's between economic loss plaintiffs and people who were involved in fatalities or serious in injuries there's a difference qualitatively or quantitatively in terms of what they're entitlements are.

And your Honor, I've got to start with one of the last quotes that Mr. Steinberg gave you or statements that he gave you here at the lectern because quite frankly I found it astonishing.

In trying to convince your Honor that this is much ado about nothing, these are economic loss plaintiffs, what are we concerned about and it goes back to the whole notion of a due process violation and what was known when, he said that people drove for five years without filing a complaint. People drove for five years without filing a complaint and it brought to mind the Powledge case. I don't know if your Honor remembers Powledge. That's the individual who with his five children died in a car accident and GM's defense in that lawsuit was the man committed murder/suicide.

Well that 2005 accident we now know was a consequence of an ignition switch defect and a resulting airbag non-deployment. Yeah, the family of the murder/suicide victims didn't' appreciate that they had a claim against GM.

THE COURT: Mr. Weisfelner, this is exactly the argument that I told you at the outset was inappropriate and it's particularly inappropriate because this is a personal injury or death case for which if it happened post-petition New GM is already on the hook for it and if it happened pre-petition I have said, unless you're going to tune me in wrong, that the courts have allowed the claims that could have been filed then to do it.

I want to hear arguments on the law. Forgive me, I don't want to hear theatrics.

MR. WEISFELNER: Alright. Your Honor, let's start then with the first and most important issue for due process purposes and that's that GM contends throughout its papers and throughout its argument that all of the plaintiffs were unknown creditors.

Now the second point is as a consequence of being an unknown creditor, the publication notice that was affected in this matter was sufficient. The third point they raise is even if there was a failure of a notice and deprivation of the right to be heard there was no prejudice hence no due process violation or no appropriate remedy. Their fourth point is if the asserted liability isn't assumed within the terms of the sale agreement its (indiscernible) retained and therefore enjoined and finally New GM argues a default and therefore the remedy lies against Old GM's residual estate and not against it.

Your Honor, we've had 160 pages of briefing and we had the oral argument and aside from conclusory denials I'd ask your Honor to ask yourself the question what record evidence does New GM point to to support its contention that the pre-sale plaintiffs were indeed unknown? There's precious little in their pleadings I think that go to the record.

In their opening brief they say that plaintiffs point to the fact that a certain number of Old GM personnel were aware that there were some reported incidents prior to the 363 sale where the ignition switch malfunctioned. But then they go on to argue that the mere possibility of purported claims based on engineering issues being investigated prior to the 363 sale does not make such purported claims known.

In their reply brief they argue that Old GM had not determined that there was a pervasive ignition switch safety problem and that claims would inevitably be brought against it. Now again, your Honor, I'm not going to go through the numbers because I don't want to incur your Honor's wrath again in terms of the number of fatalities and serious injuries in the presale context which are all a matter of record in the Feinberg protocol and reported on the victim website. But we know today as New GM has acknowledged that the ignition switch defect was indeed a safety defect which necessitated a massive recall and an admission by the head of New GM that some 15 as yet unidentified employees were being fired for misconduct because they, and this is a quote, "Simply didn't do enough. They didn't take responsibility. They didn't act with a sense of urgency. Something went wrong with our process and terrible things happened." And still GM contends that the plaintiffs were unknown.

What again GM has studiously avoided throughout the course of these proceedings is the record evidence and the applicable law that mandates a much different conclusion as to what Old GM knew or as a matter of law what Old GM is charged with having known about the ignition switch defect at the time of the 363 sale. And I want to put all this into context because there's one critical point that has to be made and, your Honor, it serves in our view to distinguish every single case relied on by New GM on the issue of what they knew for purposes of due process.

In trying to determine what GM knew or is charged with knowing as a matter of law it's critically important to remember we're talking here about a car manufacturer, not a financial services firm like Drexel or the department stores like Caldor or an oil company like Enron or whatever business in Virodyne or Agway or New Century was in.

Car companies, unlike all of those other businesses, are mandated under federal law and a very comprehensive regulatory scheme under the Safety Act and the Tread Act to maintain certain books and records regarding safety or potential safety issues. And it's those federal mandated records that GM was required to consult.

Your Honor, asked a bunch of questions of Mr. Steinberg. Are we just talking about the ledger? Are we talking about the balance sheet? And Mr. Steinberg wasn't prepared to go beyond the ledger, the balance sheet or a listing of lawsuits that were filed. Your Honor, I want to paraphrase Drexel because we're talking about a car company and in a car company case arguments about all I need to do is look at my ledger, my balance sheet, my list of lawsuits, well that's even worse than pennies on the floor not worth picking up, the quote from Drexel.

With that distinction in mind I think it's important to catalog some of the evidence that constitutes the record for these proceedings and since your Honor started at the outset by telling us that in effect you think that there was enough to require a recall by 2009, I'm not going to go through all of it, but I do want instead to turn to the conclusion. Not even the conclusion, I'm sorry, the introduction of the Valukas Report. And just so the record is crystal clear, your Honor knows we didn't get to take any discovery in this action and as the Berman affidavit that was submitted as part of our papers tells you discovery in front of Judge Furman on the MDL, while it's been laid out in connection with bellwether trials, that discovery doesn't in effect even begin until some time in the future, isn't schedule to reach any kind of conclusions until I think phase one discovery runs through May. Phase two discovery runs through October and depositions of former and current employees, including those that were terminated because of misconduct and because they didn't do enough and didn't act with a sense of urgency, those depositions don't even begin until after the phase one discovery is over.

So, what record do you have? Well, as your Honor indicated in your prior order, the record in this matter would include such information as would otherwise be available in a Rule 7056 context. You got Mr. Berman's affidavit. You got my affidavit and there are only two things in my affidavit I want to highlight today. One is Exhibit C, which was an August 2005 email from Laura Andress, a GM engineer, to James Zito, another GM engineer. And again, I'll paraphrase. She was talking about one of the subject cars and the design of the ignition switch and what she wrote in that email is, and I'm quoting, "I think this is a serious safety problem, especially if the switch is on multiple programs which this switch was. I'm thinking big recall. I was driving 45 miles an hour when I hit a pothole and the car shut off and a car driving behind me that swerved around me. I don't like to imagine the customer driving with their kids in the backseat on I-75 and hitting a pothole in rush hour traffic. I think you should seriously consider changing this part to a switch with a stronger detent."

Now, your Honor, I'm going to turn to Exhibit B, the May 29, 2014 report of Anton Valukas and what Valukas tells us is that as a car manufacturer there were several processes used by GM consistent with its obligations under federal law to identify safety issues including what's referred to as the TREAD Database and the PRTS or Problem Resolution Tracking System database. And those databases are supposed to contain all sorts of different information including without limitation customer service requests, repair orders from dealers, internal and external surveys, field reports from employees who bought to test drove GM vehicles and then captured information on what's referred to as the CTF or Captured Test Fleet reports, complaints from their OnStar center, which by the way had 365 cases of air bag non-deployment reported in the 2005-2006 timeframe, and a database maintained by GM's legal department to track complaints in court or out of court.

What does a review of those databases tell us? And again, I'm not going to go through the report in detail. Your Honor has it as part of the record.

THE COURT: Yes and apropos to that, is your point that Old GM should have issued recall notices before June of 2009, which as you properly observed, I already agree with or is it a different point?

MR. WEISFELNER: It's a different point. It' related, but it's different and I'll get to the point and then I'll move on.

THE COURT: Get to the point and then put the meat on it so I know the relevance of this other than to again show me that New GM was bad, which you're already ahead on.

MR. WEISFELNER: Okay. Your Honor, my point is this, that as a matter of bankruptcy law and as a matter of due process concerns, what the cases tell us is that what you're entitled to by way of due process is a function of whether or not you are a known creditor or an unknown creditor. My opponents take the position in trying to enforce the 2009 order that due process wasn’t violated because the plaintiffs were all of them are unknown creditors and for bankruptcy purposes and in terms of asserting or determining whether or not you had a claim and you were entitled to a certain level of due process, our contention is that we were known creditors and it's not a test of being forced to demonstrate what GM knew, rather it's a matter of law in terms of what GM is charged with knowing.

And GM as a car manufacturer is charged with constructive notice the cases tell us -- constructive notice of what's in their databases, what's in the TREAD database, what's in the PRTS database. And your Honor I will tell you that I think that there is a terribly important series of cases that are cited in the Valukas report and they were referred to in our papers and they are the report -- they are the cases that are listed in Appendix A to the Valukas Report.

And what those cases stand for is the proposition that if there's a known safety defect a car manufacturer has to report that to NHTSA and notify the owners. And by statute we know that a defect is one that creates unreasonable risk of an accident or a risk of injury or death as a result of an accident. And we have a string of cases there are cited to us in the Valukas Report starting with U.S. v. General Motors, a district of DC case in '97, and I can give you they cite. It's 565 F.2d 754, the jump page is 760.

And in that case the court rejected the argument that very few incidents were likely to occur in the future. Like GM tells us that the ignition switch defect operated properly for a majority of the owners. That argument was rejected by the Court. It required GM to do a recall and its argument was that from the beginning the part at issue there didn't meet manufacturer's own standards for proper assembly and absent notification will in the future cause at least some operators and passengers to be confronted with a clear danger. To the same effect as Dole v. Ford, the Porsche case and the two other GM cases that are cited by Valukas.

But then we have to go on to look at two other cases and in particular U.S. v. General Motors, an '83 case which stands for the proposition that a car manufacturer incurs a reporting obligation when it actually determined or should have determined that a safety-related defect exists. That's 574 F. Supp. 1047, the jump site is 1050.

THE COURT: Incurs an obligation to undertake a recall.

MR. WEISFELNER: Yeah, whether it actually determined or should have determined that there was a safety defect and to the same effect is U.S. v. General Motors 656 F. Supp. 1555 out of the same court, a manufacturer can't avoid its reporting requirements by intentionally failing to reach a determination that a defect is a safety-related defect.

THE COURT: So are you repeating all of this because you're asking me to retreat from my tentatives that I already agree with you?

MR. WEISFELNER: No, your Honor, again it's because I'm trying to underscore the fact that if there were a due process violation, and we contend there was because we were known creditors, it gets us to the next issue and the next issue is what manner of notice would have been required as a consequence in order to avoid the due process issue? And our point is if GM knew it had a safety defect then it was required to give notice and since it and only it knew it, it had to give notice of a type sufficient to advise the claimant, not only that there's a bankruptcy proceeding and a bankruptcy hearing at which your rights are going to be affected, but here's the nature of your claim. Absent telling people that there was a defective ignition switch in their cars that was a safety defect by definition and could cause the air bag non-deployment, making any accident you were in even that much more severe, they could have visited every single plaintiff and told them in person there's bankruptcy hearing, there's a sale hearing going on and that sale hearing may affect your rights.

Well, if I don't know what my claim is, how do I know what my rights are that I need to protect? No form of notice, either mailed, in person or by publication, is sufficient to advise a creditor, who all these people were at the time, and known creditors from GM's perspective, but unknown from their own perspective that they had a claim that was worthy of protection.

Nowhere does GM even attempt to address our imputation cases. You didn't hear any of that in connection with today's dissertation. Our imputation cases stand for the proposition that imputation is proper, even if knowledge was never communicated to senior management. Employees' position within the corporate hierarchy is irrelevant for imputation purposes as long as they obtained their knowledge while acting within the scope of their employment and Old Gm is charged with the collective knowledge of all of its employees even if no single employee possessed all the relevant knowledge or was individually responsible for acting on it.

Now the best that can be said for the failure to disclose what was a known safety defect and the fact that it was a known safety defect is imputed to GM as a matter of automobile law and general due process law in the bankruptcy context, the best that can be said is that it was related to the tremendous pressure that GM was under. And your Honor asked the question about whether or not due process concerns can change given the exigencies of the situation, the melting ice cube, the need to conduct the sale before money runs out.

Well, I think the cost issues infected GM's decision. As the record reflects they were cutting costs dramatically. That is part of the reason why the TREAD database personnel were cut. The group charged with running that database was paired down in the timeframe leading up to the petition. But we think more insidious than the cost issues was the cultural issues at play here. The record is clear that personnel who tried to raise safety concerns regarding the ignition switch defect got push back. There was a fear of retaliation. You don't write reports using the word stall, safety or defect and that comes from the quality brand manager for the Cobalt cases themselves, cars themselves.

Were these owners reasonably ascertainable? Based on the record and based on the law the answer is yes. There was no semblance of a diligent examination of GM's records and database which they were required under federal law to maintain which would have readily disclosed these creditors and the nature of their claim. And there can't be any question about GM's ability to identify the owners. Their own stipulation of fact number 18 acknowledges that its contract with R.L. Polk provided it with the ability to obtain the names and addresses of vehicle owners.

And, your Honor, I couldn't do the math as quickly as (indiscernible) could, but in their papers they told you that direct mail notice would have cost $42 million, but that's for the 70 million cars. I don't know what direct mail notice would have cost to 27 million people that may have been impacted by the ignition switch, but the point is they could've gotten away with and they could have cured the due process violation whether it was direct mail or publication by letting people know what the nature of their claims were, by telling people that were involved in accidents or stall situations that we know why your car was involved in those situations. We have a known safety defect associated with out ignition switch. But they didn't.

There are two leading cases on the question of whether or not these were known creditors don't help them. Morganstern wasn't a due process case at all. The plaintiff contended there was an undisclosed design defect that gave rise to a fraud on the court and your Honor concluded that the pleading requirements of Rule 9(b) had not been met. Allegations that GM knew of the design defect were conclusory, not supported by the evidence. Quite different from our case.

Burton again is not really a due process case. The Court didn't deal with our question, were claimants known or unknown. The Court assumed the successor liability shield was in place and the decision therefore is one of contract interpretation -- what claims were assumed versus retained.

Your Honor, quite frankly, the content of your Honor's sale order is irrelevant to parties to whom due process was denied -- all of it including whatever your Honor may have said or found or determined with regard to successor liability. That's ultimately, if your Honor agrees that our rights were impacted such that the order should not be a bar to our pursuit of claims, are to be determined by a court of competent jurisdiction.

Your Honor, Drexel tells us --

THE COURT: Which you're saying I'm not.

MR. WEISFELNER: Your Honor is not with regard to the remedy that the plaintiffs seek in either of their two consolidated complaints. Your Honor's role, I would suggest, is to determine whether or not your Honor's sale order in 2009 serves as a bar to the prosecution of those litigations which is obviously a core function of your Honor. It's your order. It's yours to interpret. But I do think that because there was a violation of due process, these were known creditors who weren't given any semblance of notice that would satisfy due process, those orders cannot be used to bar prosecution of their claims.

Now, Mr. Esserman and Mr. Weintraub will talk about something other than the presale plaintiffs and especially those involved in the economic loss scenario. Even those plaintiffs involved in the economic loss scenario do have direct claims against New GM that, I respectfully submit, were not intended to be and could not have been in effect precluded by virtue of the sale order. This is an effort by New GM to get a get out of jail free card. There were direct obligations.

THE COURT: Well, forgive me Mr. Weisfelner, but aren't both sides looking for a get out of jail free card? You're looking for a get of jail free card on successful liability provisions that were argued by different guys and the GUC Trust says there are eight people in Mr. Weintraub's. I don't know if it's that limited or not. But all of the other people who were in car wrecks have prepetition claims and the folks in Mr. Weintraub's group who are asserting the same prepetition claims are saying that they get a get of jail free card from a ruling that I issued on exactly the same arguments were made back in 2009. That's (indiscernible) and (indiscernible) Philadelphia (indiscernible) and a bunch of others.

MR. WEISFELNER: And --

THE COURT: So let's try to be fully attentive to the fact that it may be both sides in this case that are overreaching.

MR. WEISFELNER: Well, your Honor, let me try my best to address that because I understand your Honor's issue with regard to the arguments that were made on successor liability and, your Honor, all I'm suggesting is that were your Honor to determine that the 2009 order does not bar these plaintiffs from pursuing claims in courts of competent jurisdiction on whatever theory they may ultimately espouse it will be up to Judge Furman to decide whether or not successor liability standards are met.

For all of the reasons Mr. Steinberg indicated, he may very well conclude that the plaintiffs don't meet or exceed the threshold pleading standards on successor liability. I think they do. But beyond successor liability theories, the plaintiffs in the presale cases have recognizable claims that run directly against New GM.

Let's not forget, and this sort of goes back to my thesis that you can't do a do over, for five years following the sale, New GM failed to disclose what it knew, what it's charged by law of knowing and that is that the ignition switch defect in the presale cars was dangerous. That failure to disclose is separately and independently actionable and your Honor's sale order could not have, should not have, and in our view did not as a matter of law extend to provide New GM with a cleansing of liability for whatever theory the plaintiffs may be able to assert that a court of competent jurisdiction will ultimately determine is valid or invalid.

And it's not just successor liability type claims that the pre-sale plaintiffs would rely on. But because there was a due process violation here the only effective remedy, the only remedy that the case law tells us is applicable, is that the order can't be enforced against them. And the notion that we'd have to prove that we would have a different result is first of all, not what the case law provides. It's not what Fuentes provides and it's not what the other cases we cited in our brief provides. There's no such thing as a no harm no foul due process violation.

Beyond that, and the cases are legion that talk about the impropriety of using hindsight or speculation to determine what would have happened had we rolled back the clock. What would have happened had treasury determined that there was a five-year long cover up of a dangerous situation involving a line of cars that had caused fatalities, that have caused serious injuries, and I know your Honor doesn't like to hear it, but it had an individual convicted of manslaughter for killing her fiancé and other egregious situations, had treasury that that was the fact and had treasury been aware that the cover up would go on for another five years, do I know whether or not playing chicken with treasury at that point to get him to change their line in the sand on what was commercially necessary for New GM to survive, what sort of public firestorm, congressional inquiries, attorney general investigations would we all have been treated to in 2009 that we were treated to in 2014 that may have impacted whether or not treasury, who again is a functionality of taxpayer base and its taxpayers implicated and affected by this cover up, what they would've done to preserve GM and to avoid a liquidation.

It's just as reasonable to expect that they would have changed the line in the sand they drew to include the claims and only those claims that were impacted by the five year known ignition switch defect safety defect that was undisclosed by GM in violation of their obligations under federal law.

I don't know what would have happened had those facts been raised. With all due respect, I don't know what your Honor knows for a fact what would have happened. That's why the case that tells us don't speculate. Don't take a hindsight view. It's enough if due process was violated. We're not going to go through the process of attempting to do a do over, especially in this case because I think a do over would require us to in effect go back to the future again to figure out whether or not they'd be entitled to a 363(m) order if we know in advance they're going to maintain the cover up for another five years.

Your Honor again, I don't need to remind your Honor what the briefs say on whether a creditor who is notified of the bankruptcy or is aware of the bankruptcy is in the same position with regard to their claim if they're never told about the claim as a creditor who has notice of the claim, but not of the bankruptcy. That's Waterman, that's Tillman and they haven't told you any cases that stand for any different proposition.

Again, as the Second Circuit in Chateaugay teaches, to expect claims to be filed by those who have not yet had any contact whatsoever, what the tort fees are, has been characterized as absurd. Mr. Steinberg argued that well, but you did have contact with GM -- you bought the car. Well, but no one told me that the car I bought had a hidden, known but undisclosed safety defect so how did I know I was supposed to file a claim?

And your Honor, I will tell you that I don't think it's necessary to spend a lot of time on the contention asserted by GM that somehow 363 sales provide some sort of due process exception. A proposition of claims is supported by the Edwards case. I think Mr. Steinberg made reference to

Edwards by my count seven times during his oral argument out of the Seventh Circuit and his brief they also cite to the Paris case out of the District Court of I think it was Maine.

Well, your Honor, obviously neither Edwards nor Paris is controlling. Both have been criticized if not overruled in the case of Paris, and Edwards was criticized in a number of cases including Excel Concrete, Savage Industries and the Second Circuit has only recently reconfirmed the applicability of due process concerns in bankruptcy proceedings in the Colt case.

And your Honor, our brief had a laundry list of due process cases in the 363 context, five of which your Honor pointed out. But in addition to those five, you have National Type, Folger, Excel, Savage Industry, Reiner in addition to the Metzger case that your Honor pointed out, Compak and the others. There's also Schwinn Cycling and Ninth Avenue v. Remedial Group -- all of which stand for the proposition that due process pertains in a 363 sale notwithstanding the need for finality, notwithstanding the circumstances that generally surround the 363 sale. And of course, your Honor, you then have Grumman. And lest there be any confusion, we collectively represent not only plaintiffs in the presale complaint, but plaintiffs in the post-sale complaint and the point that was made in our papers and in particular in the GUC Trust papers that at least as to people that didn't buy a car until after the 2009 order was entered, no way to give those people notice. They weren't contingent creditors. They were the future creditors that Grumman spoke to and they couldn't have gotten adequate notice and as a consequence as a matter of due process the 2009 were cannot be read against them.

What remedies they may ultimately have for the injuries they complain of will be determined by a court of competent jurisdiction. And, your Honor, you did cite the Lane Hollow in your opening questions. We think Lane Hollow and Fuentes are the cases on you don't look for prejudice. There's a, in effect to ask a question about whether or not in that particular case due process would have led to a different result is not the issue that we're supposed to be focusing on. We're supposed to avoid hindsight and pure speculation.

Your Honor, as I think about it the prejudice, if one wants to focus on it, in this particular case is very acute. Not only didn't we have the opportunity in effect to convince treasury that under the egregious and special circumstances of this case their line should have been moved, but so much has been written about and so much talked about cases in 363 where listen, understand that what we're doing is we're converting your claims against the debtor into a pot of proceeds that came to use from the sale and when you think about it, if your claims get to attach to the proceeds and otherwise in the absence of the sale there would have been a liquidation and proceeds to realize, how you really prejudice.

Well, the amazing thing about this case that no one seems to focus on, or at least New GM doesn't in its papers, is the bar date followed the sale by a period of time. By the time the bar date showed up no one at Old GM and nobody at New GM who is now in possession of all of the books and records, the same books and records that is the matter of federal law, mandated the conclusion that they knew there was a safety defect with regard to the ignition switch defect, told any of the plaintiffs listen, now we're down to the bar date, this is real serious stuff. 363 we could, your Honor, not pay that much attention to because there are exigencies and we've got melting ice cubes and we've got to sell fast, but here's the bar date. So now we're really going to make sure that you know about your claims so that you have the right to attach yourself to the proceeds. That didn't happen in this case, judge. And if we're going to do a do over, I would assume part of the do over is we get a record that would make sure that claimants knew the nature of the defect, knew what their claims were, had an opportunity to assert a claim.

The barn door has been open for an awfully long time. The amount of value in the GUC Trust has been substantially dissipated. Our opportunity to get back into the fold and realize the same pro rata distribution as other affected general unsecured creditors doesn't exist through no fault of our own.

THE COURT: Well, when you say no fault of your own, this is a good time for you to answer the question I asked at the outset which is that when Ms. Rubin and her clients made it pretty clear that there was going to be an upcoming distribution you didn't act.

First of all, I assume that you're not disclaiming notice or of the fact that there's court where you could have made an application to me to block that distribution and most likely gotten it in a heartbeat.

MR. WEISFELNER: And most likely have --

THE COURT: Got me to tell Ms. Rubin to wait before making further distributions in a heartbeat.

MR. WEISFELNER: It wasn't an easy decision and not one that was decided by me or my office. In point of fact the fact of the impending distribution was first brought to us, if I recall, by New GM's counsel and New GM's counsel suggested that we may want to seek to hold up that distribution and our reaction was well don't you have an obligation as well since you're saying that the remedy that the Court ought to fashion is against New GUC Trust, why isn't it your obligation to seek the Court's intervention to hold it up and in fact there was correspondence that was crafted and sent to Ms. Rubin and her clients which suggested that it would be inappropriate for her to make that distribution.

And, your Honor, there was a consideration of what the standards were for injunctive relief and I appreciate after-the-fact your Honor telling us that we would got it in a heartbeat, but there was concern about the cost and expense associated with meeting the preliminary injunction standards.

Now, I will also tell your Honor, lest you continue to look at me like I have two heads, yes there was a strategic element to the decision that was taken on our side. That's my point of view. It's kind of disingenuous, one would have argued within the confines of the attorney client privilege, but you can assume that the argument went something like we're taking the position that we're not required, to pursue to the exclusion of every other remedy, our claims against the GUC Trust. So now to prevent the GUC Trust to making what amounts to a diminimous distribution in light of the totality of the consideration that they ever had and we had a very short window of time after they told us that they weren't going to voluntarily stop, yes your

Honor, the decision was made not to pursue it.

THE COURT: You're not seriously suggesting to me that in your fairly illustrious career you've never been able to get out a TRO request in this kind of time.

MR. WEISFELNER: Your Honor, again, it wasn't a function of whether we could get out a TRO request, it was a function of whether or not we'd prevail. And, your Honor again, hindsight is 20/20 and there were many people on our side of the table that thought that a TRO was appropriate. There were people at New GM that at one point thought a TRO was appropriate and for better or for worse for strategic reasons or otherwise the fact of the matter is that we did not attempt to prevent the GUC Trust from making a distribution.

That doesn't change the fact that by the time of the recalls, by the time the plaintiffs got organized and began their litigation, by the time we were retained in this case, a substantial majority of the funds originally in the GUC Trust had been dispersed to GUC Trust beneficiaries and it would have been impossible or very close to impossible to put the ignition switch defect plaintiffs back in the same position they would have been in had they been given enough information to file a claim before the bar date.

And, your Honor, all of that says nothing about the contention, with which we disagree, that the GUC Trust has raised with regard to equitable movements. Your Honor, again, we are not seeking a reversal or a modification of your Honor's order or the 363(m) finding, although once again if we were doing a do over and we were to know in 2009 everything we know today, I don't know how you'd take into account the fact that New GM would for a period of another five years fail to disclose what by law it was charged with knowing constructively or actually about the ignition switch defect and how that may have impacted your Honor's determination.

The lack of notice and an opportunity to be heard is what makes the plaintiffs not bound by the sale order and free to pursue their state law claims against New GM. Now, I also have to point out that the claims regarding cars manufactured and sold by new GM, I think new GM concedes are not subject to this sale order, and claims regarding cars --

THE COURT: Say that slower, because it’s a matter of considerable importance.

MR. WEISFELNER: All right.

THE COURT: Which claims are not subject to the sale order?

MR. WEISFELNER: Claims regarding cars that were manufactured and sold by new GM.

THE COURT: Oh. I think that’s right. Mr. Steinberg can confirm that, but I thought that has never been an issue.

MR. WEISFELNER: Well, I think I heard him say that, to the extent that new GM sold a car, but it contained a part designed or manufactured by old GM --

THE COURT: That's a different issue because the order said cars or parts, and that is what I was asking both sides to focus on.

MR. WEISFELNER: Yeah, and again, Your Honor, again, by way of demonstration of prejudice, I think, that had the Plaintiffs known about the ignition switch defect, known it had been around for five years, known that it was a safety defect, known that it caused airbag non-deployment, known that the part may be continued to be installed in cars that were going to be sold by new GM, we would have pressed for an appropriate carve out in the sale order to insure that a known safety defect not be replicated and continue to be incorporated into cars that are about to be sold. Using a switch with a known safety defect was new GM's choice, and new GM bears liability for that decision.

THE COURT: To what extent to I have evidence in record telling me the extent to which old GM ignition switches were stuck in new GM cars, or installed in new GM cars? That was one of the things I was trying to grope at in my earlier questions.

MR. WEISFELNER: Your Honor, to be frank with you, I don't know what the record is about new GM cars that had old GM ignition switches, which is either purposefully or accidentally installed in them. They were switched out at a third-party repair place. And frankly, I would think that that sort of inquiry, that kind of discovery, would take place at the MDL and would ultimately be determined as a matter of fact by Judge Furman. But sitting here today, I'm afraid I can't tell you because I don't know any part of the record that tells us how many new GM vehicles had old GM parts. The other point to make, I think, Your Honor, is that these Plaintiffs hold the claims under state --

THE COURT: Which Plaintiffs?

MR. WEISFELNER: Primarily, the Plaintiffs in the post-sale complaint, hold claims under state consumer protection laws, arising out of new GM's failure to comply with its obligations under the Safety Act. Doesn't require us to be private Attorney Generals under the Tread Act or the Safety Act. Rather, as is contended in the complaint, and in some of the complaints filed, for example, in Arizona and California by various Attorneys General, it is the violation of Federal law, which is a predicate for the contention that there has been a violation of State consumer laws, and I don't think that new GM got, saw to get or, Your Honor, intended to give them a pass on their post-sale alleged violations of consumer protection laws in the various states.

Your Honor, my bottom line point is, and I think, again, this sort of gets down to a policy question, and Your Honor, I agree that we need to be concerned about what gets said and done about 363 sales, especially 363 sales that are done in emergent situations, for Debtors that are on the verge of dissolution in the absence of the only deal that's being made available to them. But I do think that this is a very, very narrow carve out. We are looking for a situation where we have a Debtor, a car manufacturer, who knows and is charged with constructive knowledge, that it has put into the marketplace, and on the highways and byways of this country, cars with a known safety defect. And in that context, in order to have the 363 sale happen, with parties being able to protect their rights, they've got to give adequate notice of the existence of the claims that arose as a consequence of having sold those cars with a known safety defect, and the failure to give that notice, whether it be by publication or direct mail, is an unremedial violation of due process. The notion that you have to show prejudice, it's not in the case law. Talk about being bound by Second Circuit authority, it's not in the Supreme Court authority. You don't have to show prejudice. The prejudice cases they talk to you about are all cases that say, "You can glom onto the proceeds of the sale."

That's chutzpah in this case, Judge, with all due respect, because roll forward to the bar date. These Plaintiffs were in no better position to file a claim based on what GM knew and failed to disclose. So how can you say, "No harm, no foul, you just attach to the proceeds" when I couldn't attach to the proceeds because I didn't know I had a claim. And the same can be said, by the way, for the discharge of the case, or the discharge of the company, when the case confirmed.

THE COURT: Well, time out. I take it we agree that there's no discharge in a liquidating 11.

MR. WEISFELNER: We agree that there's no discharge on a liquidating 11.

THE COURT: So what discharge are you making reference to?

MR. WEISFELNER: Your Honor, I'm just talking about from a policy perspective, to have a Debtor who sells assets and continues on in business, not our -- not this case. So I won't focus on it. I'll just focus on the fact that the prejudice that befell our clients was multifold, and can't be remedied. First of all, to the extent that you followed the cases, and I think you have to, that says that a due process violation doesn't require a demonstration of prejudice. You don't have to show that you would have won. Couple that with the fact that it's our position that, had the firestorm that we saw happen in 2014, because of the 12-year non-disclosure of the safety defect, been on the record as of the time of the sale hearing, I believe it's just as reasonable to suspect that the line drawn in the sand by the Treasury would have changed. And the last form of prejudice, I think, that we can't overlook is the fact that, come the bar date, new GM or old GM continued to fail to give us any indication that we had claims based on a known safety defect that existed in all of the cars, that they refused to give anybody notice of, and they were charged with knowing it as a matter of law. Your Honor, I want to reserve enough time for both rebuttal and for my co-counsel.

THE COURT: Well, let me hear from Mr. Esserman and Mr. Weintraub next.

MR. WEINTRAUB: Good morning, Your Honor. Between Your Honor's questions and Mr. Weisfelner's presentation, I've been taken way off of my outline, so I'm going to try to address some of the things that Mr. Weisfelner --

THE COURT: All right, let me interrupt you for a second --

MR. WEINTRAUB: Sure.

THE COURT: -- Mr. Weintraub, and to help guide you. I would like you to help me understand what are the things you're talking about, also what categories they're in. Are they people who never got to get any kind of claims in against old GM, or were they those, like, a separate pleading that I got after most of all of the briefing was done, are looking for the opportunity to re-negotiate settlements because their cases may have been stronger than they thought they were, or are they in some further category? I think you're ahead, subject to Ms. Rubin's ability to be heard on the fact that you might be entitled to some kind of (indiscernible) style relief, and the opportunity to file claims if you didn't get to do that, but you're still behind on your ability to go after new GM because other people very similarly situated made these same arguments you're making about successor liability and they lost. So, argue accordingly.

MR. WEINTRAUB: Sure. Well, let me start with what I think was the first question, Your Honor. We think the number is at least 150 people. I don't know where they four or eight people came from. One of the actions filed in front of Judge Furman is an action that was filed by Robert Hilliard that covers 140 people and that's just --

THE COURT: Okay. And those are 140 people joined rather than a class action?

MR. WEINTRAUB: I think that was filed as a class action, actually, Your Honor.

THE COURT: Okay, a class action to get into adjudication on the common issues, and then to deal with their individual specific ones thereafter?

MR. WEINTRAUB: That's what I think, Your Honor. There's an exhibit to that complaint. The complaint alleges they're all pre-sale accident victims. Some of them are fatalities, some of them are injuries, all of them, as I said, occurred before the sale hearing.

THE COURT: And pause once again, my apologies.

MR. WEINTRAUB: I'm sorry?

THE COURT: I assume that under Reading Vs. Brown, a narrow subset of your group, if any are in that category, if they were hurt after the filing on June 1st, 2009, but before the sale, they'd have admin claims against old GM, but they'd still be claims against old GM.

MR. WEINTRAUB: Your Honor, our position is that we don't think we should be barred by the successful liability shield, with respect to the legal point you're making, that may be correct. I don't represent any of those parties, so I don't have the particulars of those cases to know whether or not anybody fell within that, that --

THE COURT: That window, so to speak.

MR. WEINTRAUB: Right. But, Your Honor, with respect to what Mr. -- if I'm pronouncing his name incorrectly, I apologize - Jakubowski argued, Mr. Jakubowski argued lack of subject matter jurisdiction, and he argued that, as an academic issue, not as a -- based upon what was actually going on, or the undisclosed issues in the case. So what Mr. Jakubowski was arguing was, this Court did not have subject matter jurisdiction. You had ruled, in your sale order, that you did have subject matter jurisdiction because you could sell free and clear of in personam claims under Section 363(f), you relied on Chrysler, which in turn relied on TWA, and the District Court on appeal, even though that appeal was dismissed as being moot because Mr. Jakubowski did not try to get a stay pending appeal, did go to the merits and say, “We’ve looked at this issue, and we think that there was subject matter jurisdiction.” We are not questioning subject matter jurisdiction. That ship has sailed.

Our issue is completely and solely the due process issue of whether or not we should be bound by the successor liability shield, and the reason that we don’t think we should be bound by the successor liability shield is because we were unaware of the ignition switch defect that had a seven-year history within old General Motors. And I won’t repeat everything that Mr. Weisfelner said, but there are internal reports, there was as we noted in our brief, the Wisconsin State Trooper report which actually figured out the connection between the airbags not deploying and the low torque in the ignition switch, and that was all in old GM’s files. We think that everyone who had that -- the affected vehicle, had an ignition switch defect, because that defect was in the DNA of every one of those manufactured vehicles.

So, as Mr. Weisfelner said, you've got this group of potential Plaintiffs that all had that ignition switch defect, and they all had a right to have that car repaired. We're in a special subgroup of that. Not only did we have that defect, but that defect manifested itself in the form of an accident. And clearly, because we had an accident, we were aware that we had a claim. What we were not aware of, Your Honor, was that causation was due to the ignition switch defect, that the ignition switch defect was the fault of General Motors. Causation and fault --

THE COURT: Pause, please. In substance, you're saying you knew you had a claim, but you didn't know how strong your claim was.

MR. WEINTRAUB: I knew -- let me amend that. I knew I had an accident. I didn't know why I had it. It could have been my fault, it could have been an act of God. What GM knew, what we contend GM knew, was it was the result of the ignition switch defect, which it knew was in the vehicle, and which it knew was in the vehicle before I had the accident. Not only did they not tell me about the ignition switch defect before I had the accident, they didn't tell me about that defect after I had the accident. Had I known about that ignition switch defect, that sale hearing would have been a very different hearing, and as Mr. Weisfelner said, you can't get in your time machine and see what would have happened and that's why the Court shouldn't speculate.

We had a different analogy in our complaint, and we said imagine the firestorm that would have occurred had a whistleblower on the eve of the sale hearing come forth with all of the information in the DeLuca report. And that's why we contend that it's unknowable what would have happened at the sale hearing, it's unknowable what the Federal government would have done. Would the Federal government have continued to try to ram through a sale free and clear of successor liability, knowing that this ignition switch defect had been withheld from the public and from vehicle owners for seven years? That's speculative, but I think we should get the benefit of the doubt on that, and the inference on that.

Why? It's very clear, Your Honor, that any sale, notices are a very important issue for the due process reasons. Notice was that, the timing of the sale, the form of the sale motion, the form and content of the notice, were all controlled by both new GM and old GM. This case wouldn't have filed when it filed unless the government said, "We're ready to file." This sale motion was set on the government's timetable. In any sale, notice is important, not just to the seller because the seller has the information, but because the notice is critical to the buyer. It's the buyer that wants to bind people with the results of the sale hearings, and either new GM or Treasury or whoever was lackadaisical, lazy, negligent or didn't care, but they should have been, just like any other commercial buyer is, in any other sale that I've ever been involved in, very involved in making sure that that form of notice and the scope of the notice is adequate.

What should have the notice said here? The notice should have said, there's an ignition switch defect in these vehicles. This ignition switch defect causes unexpected stalling, which would result in loss of power to the steering, loss of power brakes and the inability of the airbags to deploy. With that information, people would have been able to come to Court and make an effective argument against successor liability. What kind of arguments would people have made against successor liability? Clearly, unclean hands would have been an issue. Clearly, whether or not it would be equitable to sell free and clear of successor liability claims in circumstances like this one, where the buyer had -- I'm sorry, the seller had withheld the information for seven years before the sale. This would have been a maelstrom of a hearing, even much more contentious than the hearing that we actually had. And by saying that new GM gets to hide behind the sale order, let's think who was involved in putting together the notice in the first place. The notice was put together by old GM. What old GM knew was a nanosecond after the sale closed, it was going to be come new GM. It wanted nothing more than to leave these liabilities behind, so it didn't disclose. Not only did it not disclose, it wasn't disclosed for another five years after that.

So you would be rewarding the conduct of old GM as it morphed into new GM by saying that new GM is not subject to these successor liability claims. You've got the very same people that populated old GM and were investigating the ignition switch defect, are now populating new GM. It's efficient to say that they're separate companies and that there's no connection between old and new GM. There's a very close connection between old and new GM, and to reward new GM, which is just old GM in a new bottle, for the lack of disclosure, would be inappropriate, in our view. Which again, is one of the reasons why, if you're going to go and look at prejudice, which, as Mr. Weisfelner says, and we agree, is not something that the Court weighs when you're looking at a due process violation, I think the due process violation is just being deprived of the opportunity to be heard in a meaningful way when it matters. That was the violation. Not that we would have won anyway or we would have lost anyway. We were deprived of the opportunity to make our best arguments when they really mattered. But the reason that it's not prejudicial to new GM is, like I said, new GM could have been more involved in the notice and it wasn't, and new GM is populated by the same people as old GM. So, when you weigh the equities here, we think the equities weigh in our favor. In terms of the Manville remedy, this is not a Rule 60(b) proceeding. My clients didn't make a motion. I didn't file a motion. Mr. Weisfelner didn't file a motion. GM filed a motion to enforce --

THE COURT: Yeah, pause, please, Mr. Weintraub. If we were looking only at the face of the order that Mr. --

MR. WEINTRAUB: Steinberg?

THE COURT: No -- but I was thinking of somebody else, but it is Mr. Steinberg.

MR. WEINTRAUB: That's (indiscernible), Your Honor.

THE COURT: But Mr. Steinberg is trying to enforce. Mr. Steinberg wins. Your point and Mr. Weisfelner's point, and I suspect it will be Mr. Esserman's point, is that I can't limit the analysis to what the sale order says, that it may be the start, but it's not the end of the discussion. So then, I have to see, at least focus on the extent to which Mr. Steinberg should lose not the standing -- what his sale order says, and then the issue is, not so much a matter of constitutional law, but Federal civil procedure and its bankruptcy procedure counterpart, as to whether the second phase of that enquiry, blowing away the order, requires attention to 60(b), and its bankruptcy cousin, 9024. So, I'm not persuaded that your failure to invoke 60(b), or Mr. Weisfelner's or Mr. Esserman's, is conclusive. What Mr. Steinberg is saying in substance is, "Hey, you guys, once you're asking me to look at the pha -- asking the Judge to look at the phase II part of the inquiry, you've got to turn to 60(b) doctrine." Help me with that.

MR. WEINTRAUB: Sure. Let me start with the first thing you said, which, if you apply the terms of the sale order, we lose. The sale order was based on an incomplete, deficient record. You can't look at the sale order, you can't look at the findings that were made in July of 2009 and ignore what was going on and not disclosed to the Court from 2002 to 2009. You just can't. The DeLuca report tells you that there was a whole lot of stuff that you didn't know, that may have changed your mind in July of 2009. So, saying that the order should be applied in accordance with its terms without regard to all of the undisclosed information really, to me, Your Honor, doesn't make sense and it's not equitable. And in terms of Rule 60(b), we are not required to pursue a particular remedy. The remedy that we have pursued is the remedy that the Second Circuit has given to us in Manville, and the remedy in Manville, didn't require Rule 60(b). It didn't require a Rule 60(b) analysis, it didn't require a showing of prejudice. It just said, "If you didn't get constitutionally sufficient notice of the order. You're not bound by the order."

THE COURT: Well, let's talk about that --

MR. WEINTRAUB: If I could just --

THE COURT: Pause for a second. It didn't say whether or not you had prejudice, but Chubb in that situation was plainly prejudiced. That was a no-brainer, wasn't it?

MR. WEINTRAUB: And Your Honor, I know you're going to disagree with me, I was plainly prejudiced too, because but for that successor liability shield, I had a successor liability claim that I could have asserted against new GM. Maybe I would win, maybe I would lose. Mr. Steinberg says there is no merit to those claims because he's focusing on mere continuation. There are other theories of successor liability, including product line cases which would apply to my clients because they were injured, and there is a fraud exemption, and there are all kinds of penumbras to fraud, and one of the penumbras may be the non-disclosure of the ignition switch defect for seven years, so it's putting the cart before the horse to say I'd lose on successor liability. My point is that I was never given the chance to, number one, oppose the successor liability shield at a time when my opposition would have mattered, before the transaction closed, and I was -- and because of the sale order, I am now precluded from ever bringing that successor liability claim. So what I lost, as you said earlier, was a collateral source. And we were talking about the successor liability cases being -- and Amaro in particular, which I can get to in a minute. When you were talking about Amaro, you said you disagreed with the underlying premise that those claims belong to the Debtor, and in fact, probably did belong to the individual claimants. When this sale closed, I would have had a successor liability claim, but for that shield. And another important point, because this is kind of stream-of-consciousness at this point, when you get to Section 363(m), what Section 363(m) -- and I know this is not appeal, but Mr. Steinberg argued the policy of 363(m). When you get to Section 363(m), Section 363(m) does not bar appeals. What Section 363(m) says is, reversal or modification on appeal does not affect the validity of a sale. What happened in this sale was much more than the mere transfer of title. This sale had another very shiny Christmas tree ornament sitting on it, and that Christmas tree ornament was the successor liability shield. So, even if this was an appeal and a Section 363(m) situation, I don't think anybody is arguing that no matter what you throw into a sale order, it can't be reversed on appeal. The language of 363(m) itself anticipates a reversal or modification on appeal, because it says a reversal or modification on appeal does not upset the validity of the sale. So, my point is, Your Honor, that there are lots of things that happen in a sale that are not part of the transfer of title. I don't disagree that it was not a condition set up by the Treasury that it be free and -- that the sale be free and clear of successor liability, but you can't trump someone's due process rights by putting conditions into a contract by making the agreement convoluted, by saying that it's too expensive to give 70 million people first class mail notice. From our perspective, they could have done a lot of things to give us notice. Even though we were known Creditors and entitled to first class mail notice, publication notice, which identified the nature of the defect and the effect of the successor liability shield on injured people would have been sufficient, we think, and that's the difference between what happened in the Waterman case, because in Waterman, what the Court held was that people who had not yet exhibited symptoms could not be bound by a sale -- published sale notice that didn't even mention asbestos. What this Court did in Chemtura in order to bind people who had not yet developed symptoms but had been exposed to the chemical was, this Court required very targeted notice that was explicit --

THE COURT: Yeah, but as you know, when you're talking about this Court, Mr. Weintraub, that wasn't just the Southern District of New York, that was Gerber.

MR. WEINTRAUB: Well, that's what I meant by this Court, Your Honor.

THE COURT: And if a Judge tries to implement what some, in other environs, call best practices, that doesn't necessarily provide the yardstick by which constitutional due process is measured.

MR. WEINTRAUB: Your Honor --

THE COURT: Now, Chemtura was a reorganized Debtor case and was also an objection to claim case, and I wonder, for those reasons, whether what I thought was a good idea in Chemtura, and I later learned that my good idea was good enough to measure what was satisfactory due process provides the yard stick.

MR. WEINTRAUB: So did Judge Furman, Your Honor.

THE COURT: I'm sorry?

MR. WEINTRAUB: So did Judge Furman.

THE COURT: Yeah, I think he was the guy who referred me on it.

MR. WEINTRAUB: He did. He liked what you did.

THE COURT: Okay. But how much does that help us here?

MR. WEINTRAUB: I think it helps us here, Your Honor, because it informs a kind of notice that we think should have been given, either by first class mail or by publication notice, and you know, we're knocking ourselves out with hypotheticals. Let me give you a hypothetical. What if --

THE COURT: Time out. You can ask yourself the hypothetical, but part of the rules that we go under is that you can't give me a hypothetical.

MR. WEINTRAUB: Okay. I'll give myself a hypothetical.

THE COURT: Okay.

MR. WEINTRAUB: If I were the Judge in the General Motors case and GM had filed a notice of sale with me, and a motion to approve the form and content of notice and said, "Oh, by the way, we've got this little ignition defect -- switch defect problem. We've been working on it for seven years. 30, 40 people have been killed, been a bunch of accidents, we want to sell free and clear of that and we want to bar successor liability claims. We don't want to say in our sale notice there's an ignition switch defect that causes unexpected stalling and loss of power steering and power breaks and airbag disengagement. That's just too much information. You know, those four or five sentences, that could add maybe $1000 dollars to our mailing. So Your Honor, Mr. Weintraub, Judge Weintraub, would you approve this form of notice as being good and sufficient, even though we don't mention the ignition switch defect?" I don't think I would have done that, Your Honor. But unfortunately, I think that's the equivalent of what happened here. We think that's a violation of due process, and we think it's unfair. Can I address Amaro for a moment?

THE COURT: Oh, sure.

MR. WEINTRAUB: Unless you have other questions for me. I was thrown off by --

THE COURT: No, that -- I -- I think, based on what I said before, if we're talking about the same case, you may be ahead on it, but if you want to talk about it, go ahead.

MR. WEINTRAUB: Well, the only point I want to make on Amaro, because if I'm ahead, I should quit, but the only point I want to make on Amaro is Amaro and the other two cases cited in particular, I think it was the -- in the Alper case, which was Judge Lifland and Judge Bernstein's case, which was --

MAN: Keene.

MR. WEINTRAUB: Keene. In all three of those cases, the activity that was being complained of in Keene and in Alper, was really inappropriate transactions between corporate -- related corporate companies that related to looting and in Amaro, it was a pre-bankruptcy sale that was going to be challenged as a fraudulent transfer for inadequate price. All three of those Courts said, on the filing date, those claims already existed, and therefore, they became property of the Estate. I don't agree that those claims should have become property of the Estate, but the rationale of those cases were, the cause of action existed on the filing date, and therefore, they became property of the Estate. That's not what happened here, as Mr. Steinberg pointed out, because the sale happened -- it was a sale done by the Debtor in possession post-bankruptcy. So, you don't have these claims ever becoming property of the Estate. The other very important point to make is, Judge Bernstein was the Judge in Keene, and he was also the Judge in Grumman/Olsen. And in Grumman/Olsen --

THE COURT: And in Burton.

MR. WEINTRAUB: And in Burton, which Mr. Weisfelner handled, ably so, I won't go back to that. When confronted with the successor liability issue in Grumman/Olsen, Judge Bernstein did not say, "Oh, remember what I did in the Keene case? That was property of the Estate, so that was released when I did the sale." He didn't do that. What he did was the same analysis that Your Honor did in this case. He relied on Chrysler and he relied on TWA, and said that these claims are in personam claims and they can be solved free and clear of, in Section 363(f). I know this Court is probably not going to go there, but there's nothing in the record that said back in July of 2009 that there was a 9019 motion to settle a successful liability claim. That was not something that was stated on the record, which would, of course, be another potential due process violation if the result was going to be, "Oh, those were released back in 2009 because they belong to the Debtor." Unless you've got questions for me, Your Honor, I think I have about exhausted what was in my outline when I left the house this morning.

THE COURT: Okay, very good. Mr. Esserman?

MR. WEINTRAUB: Thank you.

MR. ESSERMAN: Sandy Esserman. Your Honor, I realize that time is running short, so I'm just going to hit a couple of hot points, if that's okay.

THE COURT: Sure.

MR. ESSERMAN: One thing that we have to be cognizant of here is that we're not just looking at retained liabilities versus assumed liabilities. We also have to remember that we're also talking about new liabilities, and new liabilities of new GM, and why is that important?

THE COURT: I understand instantly why that's important. I think it would be helpful if you would explain to me what kinds of claims you think are in that category.

MR. ESSERMAN: Well, we think a lot of the complaints talk about new GM's liability as new GM, not as an ignition switch. Let me give you some examples and some counts, and how the factual allegations are weaved into those complaints, because the complaints definitely talk about, in substantial portion, new GM's post-sale conduct. That is, the claims that would arise, for which people could not file proof of claim, for which they had no liability, old GM may have no liability. For instance there is a -- assertion of a violation of Deceptive Trade and Consumer Protection statutes. Some examples of the conduct forming the basis of these claims include the fact that new GM touted its commitment to safety, product quality, putting customers first, purporting to be a company that was focused on the consumer and pushing accountability deeper into the organization. The factual allegations go further that GM knew about the defects plaguing the GM-branded vehicles. They failed to take action, thereby causing consumers to associate the GM brand with safety and reliability, and causing Plaintiffs to overpay for or retain unsafe GM-branded vehicles. The relevation of new GM's extensive deceptions tarnished the brand further. There have been complaints brought by the Orange County DA, the Arizona Attorney General, which are a similar basis to these complaints. There's also complaints for fraudulent concealment, which talks about independent, new GM violation of its independent duties, not old GM. Not those facts at all. They allege that new GM concealed and suppressed material facts about the quality of its vehicle and the GM brand. The company's systematic devaluation of safety issues, the ignition switch defect, many other defects plaguing GM-branded vehicles. The consolidated complaints also allege that new GM's duty to disclose orders from new GM's superior, if not exclusive knowledge of the many serious defects, and that it valued cost-cutting over safety, took steps to insure its employees did not reveal known safety defects to regulators or customers, and it goes on from there.

There's one other count to highlight, and that's sort of the unjust enrichment claim, also all based on new GM's conduct, not conduct that occurred in 2009, before the sale order or whatever, and how new GM benefitted from its failure to make timely disclosure of the initial switch defect in old GM cars as it is required to do. Plaintiffs therefore overpaid, they suffered increased insurance premiums, cost for alternative transportation, a few more facts. New GM benefit was unjustly retained in light of the fact that new GM was only able to reap this through a campaign of deception, et cetera, et cetera. So, all of this conduct occurred post-sale, and that is what is being sought in the complaints, and that is what Your Honor is sort of being asked --

THE COURT: Occurred post-sale, but dealing with the value of vehicles manufactured by old GM.

MR. ESSERMAN: In part yes, in part no. There's some of the -- there is a portion of the complaint that deals with new GM vehicles, so --

THE COURT: Well, that, of course, is the much easier part, Mr. Esserman.

MR. ESSERMAN: Of course.

THE COURT: Now, in the complaint, and I must say that I've read everybody's briefs and cases more carefully than I looked at that complaint. Does it slice and dice? Does it set forth in different claims which involve old GM vehicles and which involve new, or is that a task that's imposed on me or Judge Furman or somebody, once I lay out the rules to try to figure out whether it's prescribed by such portions of the sale order that I'm prepared to keep enforcing?

MR. ESSERMAN: I think it lays it out, and I think you'll be able to imprint your order onto the complaint and see. Of course, we think all of it will survive, but if you

--

THE COURT: Yeah, well, don't rule out the possibility that any final opinion might not agree with both sides in full.

MR. ESSERMAN: Well, and I understand that. You know, which sort of also brings me to the order, and I know what Your Honor -- well, I don't know anything, but what I perceive is, to use Mr. Weintraub's analogy, if it was Judge Esserman, I'd be struggling with how to reconcile some of these provisions, how to reconcile the order, how to reconcile the rights of people. And one section of the order that has been overlooked, and I'm just going to suggest it's worth some thought anyway, is that in the sale decision on page 17 --

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

MR. ESSERMAN: Yeah, it's --

THE COURT: Well, I mean by published, I mean the way it appears in the BR?

MR. ESSERMAN: You know, I don't have the BR site here. It's the decision on Debtor's motion for approval of its sale of assets to Vehicle Acquisition Holdings, LLC, assumption and assignment of related executory contracts, and entry into the UAW retiree settlement.

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

MR. ESSERMAN: Yeah, it's --

THE COURT: All I'm talking about is the way it appears on ECF, you're saying, rather than in the BR.

MR. ESSERMAN: Yes.

THE COURT: Okay.

MR. ESSERMAN: And these are the findings of fact in your decisions, which I'm going to quote to you, and they're adopted in the sale order, which, of course, takes precedence, but there's one statement in there, and when you're wrestling with this, you can wrestle with this, what you meant by this, that "Old GM will retain all liabilities, except those defined in the MPA as assumed liabilities." The assumed liabilities, that is, what new GM's going to take, include, and I'm quoting, "product liability claims arising out of products delivered at, or after the sale transaction closes, paren the closing, close paren, and two, the warranty and recall obligations of both old GM and new GM." And I just sort of throw that out for something to be massaged, I guess, but perhaps the sale order isn't all so one-sided as new GM might have you believe, and perhaps it -- I'm not sure what exactly was meant by that because there are other, more specific issues dealing with those findings, but that is a finding of this Court, which was adopted in the sale order, which takes precedence. So, there may be some room in there to manipulate something, should Your Honor decide to do so, on the basis of the order --

THE COURT: Well, you don't exactly mean manipulate it, as much as you mean, as to draw conclusions from.

MR. ESSERMAN: Exactly. I withdraw that word.

THE COURT: Okay.

MR. ESSERMAN: And I probably already exceeded my time, thank you.

THE COURT: All right, thank you very much. All right, folks. Can you get in and out? Oh, Mr. Flaxer?

MR. FLAXER: Hi, Judge.

THE COURT: Okay, come on up, please. I thought your principal concern was on (indiscernible) on the Court, though.

MR. FLAXER: Yes, Your Honor, but your order stated that that issue would not be addressed, which was fine, but if we wanted to address, I would dispute it. I will dispute the --

THE COURT: Okay, I'll just rely on your good faith. Go ahead.

MR. FLAXER: Yes, Your Honor. I just wanted to, very briefly, focusing particularly on the remedy issues. We continue to believe that some discovery, as highlighted by our disputed facts and our prior pleadings before the

Court may still be appropriate. We think that Your Honor's determination on a remedy issue is inherently an equitable decision. We also think, in this respect, that it's likely that discovery would reveal, and I'll mention two primary factual areas: one is actual knowledge of the ignition switch defect at very high levels of GM's management, the other is that GM deceived NHTSA in connection with its responses to the so-called "death inquiries". We think that if the Court had that factual record developed, as opposed to, and what I still agree with designated counsel is a very strong factual record based primarily on the DeLuca report, but, as we've highlighted, the DeLuca report only goes so far, and it seems to us, consciously avoids going after the next level of senior level management knowledge. We think if you had those facts before you, it would weigh very heavily in favor of granting a remedy sought by designated counsel for reasons including deterrence of future concealments in connection with 363 sales.

THE COURT: And by that knowledge that you talked about in the last sentence, you're talking about knowledge by old GM management more senior than the 24 or 25 people who were the subject of this (indiscernible)?

MR. FLAXER: Yes, Your Honor.

THE COURT: Okay.

MR. FLAXER: For example, we think it's likely --

we think it's very likely that the knowledge would go up to the level of general counsel of North America and perhaps higher, but you know, obviously that would take some discovery to establish that, and we understand the concern about delay, but in our estimation, in balancing the -- how crucial it is that the remedy sought by designated counsel be granted, that perhaps what Your Honor could do is rule in favor of our side of the table on the due process issue and authorize some discovery so Your Honor has a full, factual record in order to make a fully informed decision, bearing in mind that this is an equitable determination about remedy, that Your Honor have a fully developed factual record.

THE COURT: All right, thank you.

MR. FLAXER: Thank you, Your Honor.

THE COURT: Okay. By yelling out from the audience, I guess, can you guys get back in an hour, or do you need more time?

MAN: An hour would work.

MAN 2: An hour is fine with us, Your Honor.

THE COURT: Okay, then I show five after one on my watch, it's a minute or two after that on that big clock on the wall, see you guys back here in an hour.

MR. STEINBERG: Your Honor, I assume that when we come back, it's the GUC Trust that will start?

THE COURT: I assume you're going to reply next, or --

MR. STEINBERG: The GUC Trust hasn't spoken yet. I'm not --

THE COURT: Oh, yeah. Is GUC Trust going to be -- Ms. Rubin, are you going to be weighing in on what I've heard this morning?

MS. RUBIN: I fully expect to, Your Honor.

THE COURT: Okay. Then Ms. Rubin next, and then you can reply after that, Mr. Steinberg. Now, especially with the extent to which I've interrupted you guys, I'm not going to prevent you from arguing anything, even if it's beyond the original time limits, assuming you're not filibustering or otherwise taxing my patience, but we still have to quit at 3:15 today. If we're not done at that point -- and of course, the resumption is going to be at 2:05, if we're not done, then we're going to have to pick up tomorrow morning. We're in recess.

MR. STEINBERG: Thanks.

(Court in recess at 1:05 PM)

THE CLERK: All rise.

THE COURT: Have seats, please. Okay, are we up to Ms. Rubin?

MS. RUBIN: We are, Your Honor, and if I can help it, I don't intend to take the full balance of my time today.

THE COURT: Okay.

MS. RUBIN: But I do want to address a number of the issues that you talked about with others today, and hope that I can address some of the questions that you posed to all of us as a group, as well.

THE COURT: Okay.

MS. RUBIN: Your Honor, I want to start from the proposition that you started from this morning, which is that you have been convinced, or at least you assume, where we are right now, that there was enough knowledge at old GM to have warranted a recall in 2009, prior to the sale. Your Honor is clearly aware that the briefing that my client and the participating unit holder submitted, took a different tack, and the reason that we did that is because we wanted to illustrate that even if everything that Mr. Steinberg and his colleagues said was true, there was still a due process violation here, or would be a due process violation here, with respect to the groups of Plaintiffs that Mr. Weisfelner, Mr. Esserman and Mr. Weintraub represent.

That having been said, let’s start from the proposition that Your Honor began with this morning and move from there. The first, and most important reason we believe that that the Plaintiff should be able to proceed against new GM is because, as Mr. Weisfelner and others capably told you, they have independent claims in both the pre-sale and the post-sale complaint against new GM, that are predicated on conduct of new GM, and for some reason, in their reply, new GM seems to suggest that that's not true of the pre-sale complaint, and I just want to illustrate one example of why that is, in fact, the case. In paragraphs 1063 to 1079 of the pre-sale complaint, the pre-sale Plaintiffs make a claim under California's Unfair Competition law, and that claim is predicated, in part but not in full, on the violation of GM, sorry, new GM, on their violation to comply with the Safety Act, and Your Honor, I want to underscore that that was a knowing violation, by consenting to the order with NITSA. What new GM essentially acknowledged is that they didn't comply with that law, they did not provide NITSA with knowledge within five days of determining there needed to be a recall.

And from what I understand, Mr. Weisfelner's clients' claim, for violation of the Unfair Competition law, could be predicated on that in and of itself alone. Now, there's another reason that these claims -- we discussed whether or not these independent claims against new GM are subject to the sale order, and Mr. Esserman pointed out to you this morning a reason why they are not, based on the findings of fact in the sale decision, and their incorporation in full into the sale order.

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

THE COURT: That's in the sale agreement?

MS. RUBIN: That is in the sale agreement, Your Honor.

THE COURT: What section is that, by the way?

MS. RUBIN: It's 6.15(a) and it's addressed in our briefing as well, Your Honor.

THE COURT: I'm well aware of the point, I would just -- wanted to see the citation, too.

MS. RUBIN: So, Your Honor, it would be our position that, having undertaken that covenant, that is the independent duty that Mr. Steinberg insists that his client does not have, irrespective of the wording of the sale order, they agreed to comply with those recall laws in respect of old vehicles. Whether or not the sale order goes beyond that in other respects, and maybe goes too far, is another issue entirely, but at least in terms of the sale agreement itself, the retained liabilities are liabilities of any Seller. I don't hear anybody suggesting, or they shouldn't suggest, that old GM, or the old GM bankrupt estate through the GUC Trust, should somehow be liable for the knowingness conduct of new GM and its failure to disclose to NITSA, disclose to the driving public, to disclose to this Court, and to disclose to anyone at all, that these cars were subject to a safety defect that rose to the level that it warranted a recall.

The other thing that -- one other thing that we would say, Your Honor, is, in terms of why the Plaintiff's claims should be allowed to go forward, let me identify another group of the Plaintiffs. I believe Mr. Weisfelner is the one who spoke to you at length about the used car purchasers here, and whether or not their claims are subject to the sale order. It's hard for us to see, under the Grumman case, which as Your Honor knows, interprets Chateaugay, how the used car purchasers here could ever have been subject to the sale order and injunction. None of those people had any pre-sale relationship or contact with old GM. Suddenly, they were not aware at the point in time of their sale that their cars were subject to the serious safety defect of which we're all now aware, and it's hard for us to see how the analysis in the Grumman case is any different than that which should be applied to used car purchasers, who are a class of Plaintiffs implicated by the post-sale consolidated complaint.

Now, there was some discussion this morning about the Burton decision, which Your Honor referred to as the Chrysler decision by Judge Bernstein, and to the extent that Your Honor has questions about why these used car purchasers in this situation should be treated any differently than the Burton Plaintiffs, let me try to address that, if I may.

First and foremost, the Burton case involved a recurring fuel spit-back problem that had already resulted in two to three recalls prior to Plaintiffs bringing forth claims in that instance. Here, we have a warranty in the sale agreement by old GM, that there had been no material recalls since 2007. We're not dealing with a factual situation in which anybody who drove one of the vehicles, we'll call them the subject vehicles, that are the subject of this proceeding, nobody is suggesting that drivers should have been on notice of the ignition switch defect by virtue of anything that happened before, as was the case in Burton.

Now, new GM is very fond of quoting to Your Honor a particular sentence from the Burton decision in which Judge Bernstein, and I'm sure I'll mangle this somehow, says that anyone who drives a car should reasonably contemplate that their car will need to be repaired. Again, the end of that sentence, which new GM doesn't quote for you is, "especially whereas here there have already been two to three recalls involving the same problem, and involving some of the same vehicles," but be that as it may, there's another distinction here that I think is a more fundamental and important one.

The claims at issue here are not fundamentally about repairs. The Burton case is one in which the Plaintiffs, who characterized themselves as future claimants and with which Judge Bernstein disagreed, their claims were Duty to Warn claims and failures to honor warranties. Fundamentally, they were upset that their cars weren't being repaired. That's not really the gravamen of the Plaintiff's complaints and the consolidated complaints here. What are they really talking about, Your Honor? They're saying, there has been such a widespread erosion of GM's reputation for quality, such that all of their vehicles have suffered economic loss, and to the extent that they are also alleging damages for economic losses associated with repairs, again, I would submit that those are not the sort of repair-related claims that a driver of these vehicles could have or should have anticipated. They are claims for things like childcare expenses associated with all of the time necessary to get their cars repaired, their lost wages, their rental car expenses. Your Honor is well aware that there are a number of people who said, "Until GM is able to repair my car consistent with the ignition switch recall, I'm not driving that car, because I know, based on the information that's come out through Feinberg Compensation Fund, that GM has at least admitted that 50+ people died, and has awarded awards under the Feinberg Compensation protocol, to at least 128 people." That being the case, there are people that Mr. Weisfelner and Mr. Esserman represent who say, "I'm not going to drive my car and GM should be liable for the cost of my rental car expenses during that period of time, until my car is 100 percent safe to drive."

Now, Your Honor, putting aside the question of whether these Plaintiffs have independent claims against new

GM, or whether there are future claims on behalf of the used car purchasers that are more akin to the claims in the Grumman/Olsen case, the biggest issue here is obviously whether or not the pre-sale economic loss Plaintiffs suffered a due process violation. And you see in the briefing that there are starkly different visions of the notice that should have been afforded to those claimants.

Let me submit this. If Your Honor can accept that old GM knew enough that they should have recalled the subject vehicles, the notice that was given was never enough, even for the folks that Mr. Weintraub represents, and here's why. Last year, in the DPWN case that went up to the Second Circuit, the Court set forth the standard for evaluating the claims of those who otherwise would be barred by a bankruptcy order. And the Court essentially said, it's a two-part test. The first thing you have to do is look at what the claimants knew or should have known with reasonable diligence, and if the claimant gets across that threshold, the second part of the inquiry is to ask what "the Debtor knew or should have known of the potential liability, such that it should have provided the claimant with notice of his or her potential claim."

Whether or not the folks that Mr. Weisfelner and Mr. Esserman and Mr. Weintraub represent are known Creditors, it is indisputable that old GM knew enough that it should have afforded them more notice under the DPWN test. And Your Honor shouldn't take my word for the fact that the DPWN test now guides evaluations of due process not just in a post-discharge context, but across all bankruptcy contexts, Your Honor may be aware that Judge Gropper issued an opinion in the Direct Access bankruptcy last month on January 6th, the Westlaw site is 2015 WL 94556, and in doing so, Judge Gropper was asked to pass on whether or not a claimant could file a late Proof of Claim after a confirmation order. Judge Gropper writes as follows, Your Honor: "In DPWN holdings, the Second Circuit recently set forth the showing that a party must make, in order to obtain the right to pursue a claim that otherwise would be barred by virtue of a Debtor's bankruptcy" It wasn't conditioned on what kind of case we were talking about or what stage in the bankruptcy we were at. Judge Gropper interpreted the DPWN case to be the guiding analysis for any time someone comes before this Court or a District Court and says, "I have a claim," and the Defendant says, "No, no, no, you're barred by a sale order and an injunction," or, "You're barred by some other order in bankruptcy."

So under that analysis, Your Honor, the DPWN analysis, we would respectfully submit that old GM knew or should have known of the potential claims that folks like Mr. Weisfelner's clients would have had, even if they didn't have a bunch of lawsuits before them, even if they didn't make the list of Creditors, even if they didn't appear on the general ledger. The had sufficient knowledge within the company, based on their books and records, construed more broadly, that they should have provided notice of the potential liability before the sale.

Now, Your Honor asked an inform question earlier today, which was, "What should that notice have looked like?" And I think you've heard from Mr. Weintraub and others about what that might have looked like. Let me underscore Mr. Weintraub's presentation and say, we believe that the right notice here would have looked like the Chemtura situation, and respectfully, while Your Honor identifies that as a situation in which Your Honor approved best practices, and certainly, I'll agree that Judge Furman in affirming that, agreed that maybe that wasn't what was constitutionally mandated under the facts of that case, I think the type of notice provided there is constitutionally mandated in this case. You have a situation where on the factual record, Mr. Weisfelner has already convinced Your Honor that old GM knew enough that it should have issued a recall in respect of the subject vehicles. On those facts, why it's not the case that the publication notice should have said, "There is a safety defect of a serious dimension in these makes and models of vehicles, and if you believe you have been injured by that, now is the time to come forward. There will be a hearing about the sale." That is essentially what was provided in the Chemtura case where the manufacturer understood that a chemical that it produced --

THE COURT: Chemtura was a claims case, that the people worked in factories where diacetyl was used.

MS. RUBIN: Yes, Your Honor.

THE COURT: It wasn't a 363 case.

MS. RUBIN: Well, that's true, Your Honor, it wasn't a 363 case, but respectfully, Your Honor, courts in this District and Circuit and others, borrow, with respect to what notice is constitutionally mandated, from context to context all the time.

THE COURT: Yes, but you would agree, I take it that, Mullaney talks baby talk about the need to look at the facts and circumstances.

MS. RUBIN: Sure, and Your Honor, I'd also agree that the facts --

THE COURT: As do the other cases, the Second Circuit cases such as Drexel Burnham implementing the Mullaney.

MS. RUBIN: Sure, but Your Honor, I would also say, that in talking about 363 cases or otherwise, the fundamentals of notice, the cornerstones of notice, or not only notice of one's claim, but the opportunity to be heard, and that doesn't change from context to context, and if we are going to follow the dictates of Mullaney and talk about the facts and circumstances of this case, I think if Your Honor is willing to find that old GM knew enough that it should have recalled the vehicles, certainly it knew enough in those circumstances that it should have incorporated in a publication notice, enough information to put people like Mr. Weisfelner's clients, that if they believed they had a claim, now was the time to come forward. They didn't have to necessarily say, "If you believe you've suffered an economic loss or diminution of value in your car or lost wages," or any of that, that's not the claim-specific notice that we're talking about. But they should have apprised people in the Plaintiffs' position of the facts and circumstances that underlie their case, that there was a serious ignition switch defect that ran throughout the subject vehicles, that was serious enough to warrant a recall, and therefore, anyone who believes that they have been injured thereby, should come forth and file a claim.

Now, Your Honor, there has been a lot made out of the fact that 363 is sort of a separate situation, and I think Your Honor just alluded to it, that in discharge cases or confirmation cases, maybe notice doesn't mean what it should mean in a 363 case. But I'll have your -- I'll say for Your Honor's sake, DPWN, at the District Court level, which was a known Creditor case, right, DHL didn't know that it has an antitrust claim against United Airlines. They certainly knew that they were a Creditor, they were certainly apprised of the bankruptcy, and deciding what notice is due to DHL, what did the Eastern District -- how did the Eastern District make that decision? Well, they borrowed from the Grumman case, which is, in fact, a 363 case.

Similarly, in the Schwinn case in the Northern District of Illinois, a 363 case involving a purchaser of an exercise bike in 1979, whose grandson is not injured until well after the bankruptcy in the 90s, what does that case do? It borrows from the Chemtron case in the Third Circuit, which again, is a discharge case. So, I would submit to Your Honor that what is fundamentally required for notice before depriving someone of a property interest, the facts and circumstances of the cases might change in terms of dictating what form of notice is required, but the content has to be informed by a larger body of case law that is transferrable from one context to the other.

It's also true that the idea that none of the Plaintiff's property interests here were affected is sort of a preposterous one, right? And to the extent that new GM tries to distinguish some of the 363 cases outside this Circuit by saying, "Well, those cases involve property interests that were unique and couldn't have been reduced to money," that's actually not true. First of all, those cases were all decided on grounds other than the type of interest invoked, and Rule 60(b) was considered in all of them.

I'll talk about the poly --

THE COURT: Wait, time out. You said 60(b) was considered?

MS. RUBIN: It was considered, and in each of those cases, Polycel, Metzger, and Compak, after referring to Rule 60(b), each of the courts nonetheless held that the claimant before it should be exempt from the sale order, on the basis that the due process rights were violated. I'll quote to you, Your Honor from the Metzger case, where, after considering Rule 60(b), for example, the Court said, "The Court has some flexibility in creating a remedy here, and need not and will not find the entire sale void." But nonetheless, the Court held that it would find that the sale was void as to the claimant before it.

THE COURT: Well, there was no question that Arthur Weissbrodt said that, but I don't have a memory of him discussing the criteria for granting 60(b) relief, and if you say that he mentioned it, and I'm not (indiscernible) to Ms. Rubin, but there was not a material discussion of 60(b), was there?

MS. RUBIN: Your Honor, I don't have the case right in front of me and I'm unable to answer that question directly, but my recollection is that in at least two of these three cases, there is a discussion by the Defendant that 60(b) only allows for voiding the entire sale order or providing no relief, and in each of those cases, there's a rejection, either implicitly or explicitly, of that theory. So, for example, in the Compaq case -- you know, the other thing I would say, Your Honor, is that certain of these Courts say that notwithstanding Rule 60(b), Rule 60(b) is only one way of getting there. So, for example, in the Compaq case, the Court says, "There's not a Rule 60(b) motion before me, but sua sponte, I can characterize the relief that this claimant is asking for as a 60(b) motion, or alternatively, I can see this as a motion for relief from the sale order." That's an implicit recognition that 60(b) is not the only vehicle by which you can remediate a due process violation. So, respectfully, GM's assertion that the Plaintiffs here have to conform and shoehorn their arguments into a 60(b) analysis in order to prevail is simply not the case. You have an implicit recognition in the Compaq case that that's true, and more importantly, in this District, let me refer Your Honor to the Lehman Brothers decision that new GM cites in its brief at 2014 WL 7229473. Now, Judge Buchwald in that situation determined that the Creditor, who was making arguments before her, in fact didn't qualify as a Creditor at all, but in clarifying the narrowness of her holdings, she said as follows, Your Honor: "We do not decide to question whether a person with a cognizable property interest may attack a final free and clear sale order in the absence of notice," and then, following that immediately with this sentence: "Nor do we decide whether the lack of notice could be grounds…" there is an ellipses here, "for relief from a sale order under Rule 60(b)." So, you have a District Court Judge in this District, implicitly recognizing that a due process claim, meaning, I didn't get notice of the way in which my property interests would be affected here, could be different from a Rule 60(b) motion.

THE COURT: I'm not sure if I heard you right. I thought you preceded each of those two sentences by "We do not decide that."

MS. RUBIN: And I did, Your Honor, but I still see the case as standing for a recognition, as a District Court Judge in this District, recognizing that these are two alternative ways of getting to the same place. I'll recognize that that's dicta. Judge Buchwald didn't reach those issues in her decision, and she's very clear about that, but notwithstanding that, in clarifying to the larger community reading her decision what she is and is not deciding, she is saying expressly, "I see these things as possibly two different avenues for relief," and I think it just underscores the fact that in the Compaq decision, for example, the Court says the same thing. "I don't have a Rule 60(b) motion before me. I can sua sponte interpret the arguments that are being made before me as a 60(b) motion, or alternatively, I can grant relief from the sale order." That doesn't sound to me like the musings of a Judge who believes that 60(b) is the only vehicle by which someone who has a due process argument can seek relief from the sale order.

Your Honor, I'll move on to talk about remedy, and I'll note that the primary cases on which new GM depends are the Edwards case, and they also place a lot of emphasis on the Paris case, which hasn't been discussed directly by name, but the general principle has been alluded to a lot here, that's the case --

THE COURT: Paris?

MS. RUBIN: Yes.

THE COURT: Mr. Weisfelner had mentioned Paris.

MS. RUBIN: Well, I apologize to Mr. Weisfelner for not hearing that. To the extent that the Court in Paris is saying, "Your interests are not affected here because you have a bunch of assets that can be converted and all Creditors will have access to that." Your Honor, that may be fine and well if we were here four years ago, or five years ago, but that's not where we are now, and I think to not appreciate the realities of where the GUC Trust finds itself would be a disservice to everyone, right? We have a situation here where the GUC Trust has distributed 90 plus percent of distributable assets. We are three plus years post-confirmation. All of the remaining resources of the GUC Trust have been reserved for express purposes as Your Honor knows, we filed a quarterly GUC Trust report last week. There is literally nothing left right now for the Plaintiffs here, and so to not -- if we're going to consider who would be prejudiced by a remedy here or consider a larger context of prejudice with respect to the remedy, I think that has to be considered, too.

The final thing that I'll say, Your Honor, is the notion that prejudice is somehow a required element of a due process violation is creative, but not sustained by the case law. To the extent that old GM siphoned numbers --

THE COURT: Time out. Before you go too far, Ms. Rubin --

MS. RUBIN: Sure.

THE COURT: -- I need to dust off with you the colloquy I had with Mr. Weisfelner, because I would agree in a heartbeat that you didn't make the supplemental distribution to your constituency last year in the dead of night, but you're saying -- you're talking about hardship, presumably to the economic loss Plaintiffs, or maybe Mr. Weintraub's people or both. At the same time that your folks were the beneficiaries of Mr. Weisfelner's guys decision for admitted strategic reasons, not to try to tap those funds. So you're trying to exploit the very situation for which your guys were the beneficiary.

MS. RUBIN: I don't believe that it's an attempted exploitation at all, Your Honor.

THE COURT: Well, I'm not accusing you of evil --

MS. RUBIN: I respectfully disagree, if I can.

THE COURT: I'm accusing you of representing a client --

MS. RUBIN: No.

THE COURT: -- but isn't that the bottom line?

MS. RUBIN: No, Your Honor, it's not, and here's why. Your Honor engaged in a colloquy earlier with Mr. Weisfelner, well first of all, to the extent that you engaged in the colloquy earlier with Mr. Weisfelner also about the efficacy of the bar date notice, correct? It may be that the bar date notice was not effective as to certain of these Plaintiffs, but the sale notice wasn't effective as to them either, and they had a choice to make at the outset. It's undisputed that they didn't know about the defect in the subject vehicles until around February of 2014, but at that point in time, they made a choice, and they made a choice to go after new GM. They never once filed a claim or sought to file a late proof of claim against the GUC Trust.

When there were the initial motions to enforce a few months later, and we came before this Court, the Plaintiffs filed an objection, they filed an adversary proceeding complaint, those issues were not raised there either, and when we first came before Your Honor, let's rehash how the GUC Trust came to be a party here. It wasn't on motion or any suggestion by the Plaintiffs. It was on suggestion by new GM, who said the Plaintiffs should be forced and shoehorned into going after the GUC Trust. But we don't believe that the Plaintiffs should have to do that. We believe that the Plaintiffs' due process rights were violated, and so in making that distribution, I wouldn't characterize it as an exploitation at all. I would say that my client was well within its rights to distribute assets to its existing beneficiaries, consistent with its fiduciary duties and the documents that govern it.

Your Honor, if I can return to prejudice?

THE COURT: Yeah, go ahead.

MS. RUBIN: The notion that prejudice is a required element of a due process violation here, I think, is a fiction, and in advancing that argument, new GM relies on two different strands of cases: one are cases in which, despite a notice defect, the claimants still have an opportunity to be heard, and that's particularly true of the cases that they cite within this District. The Parker case, I think, is a paradigmatic example of that. The Plaintiff in that case came forward and said they were deprived of their due process rights, but Your Honor found that, notwithstanding that, the guy cross-examined two of the three witnesses during the sale hearing, received ample discovery. There was no due process violation because he had an opportunity to be heard. That certainly was not the case with respect to any of the Plaintiffs here, against whom the notice couldn't have possibly been effective, because to just get the notice without notice of their claim is, as Mr. Weisfelner recognized in the Waterman case, no different than being apprised of your claim and not being apprised of the bankruptcy.

The other cases that they cite are entirely far of field from bankruptcy altogether. Most of them involve procedural irregularities, like failure to enter a substitution of counsel order, and notwithstanding that, the new counsel still gets to be heard, or listing the wrong statute in an administrative proceeding on the cover, where everybody knows what's really at issue. That's certainly not the case in which we found ourselves, so it takes a lot of creativity to cleave onto the due process standard in this Circuit, some prejudice standard. The Manville case and the Cope case that Your Honor referred to earlier, we understand and appreciate those aren't 363 cases. But to conclude, Your Honor, we would suggest that those should be your guiding principles. Those are recognitions by the Second Circuit that in a bankruptcy situation, no party can be deprived of a property interest without adequate notice of their claim.

Everybody understands, here, that that's not what happened, and to the extent that Your Honor is willing to find on this stipulated factual record, that old GM had sufficient knowledge that it should have recalled the vehicles, it should also be the case that they had sufficient knowledge to put into a publication notice, if not actual mailed notice to all of the people that Mr. Weisfelner and Mr. Esserman and Mr. Weintraub represent. It should have put into that notice greater content to afford people a better and more complete, and consistent with due process, a constitutional understanding of what their claims are. And with that, Your Honor, I'll rest.

THE COURT: All right, thank you. Okay, Mr. Steinberg?

MR. STEINBERG: Your Honor, do we have a stop at a quarter after three today?

THE COURT: Yes.

MR. STEINBERG: I'm not sure if I'll finish with my reply, but I've spoken to the other counsel and I think they all want to reply as well too, and I'm wondering whether we should do all of our replies tomorrow morning. We could potentially do equitable mootness today, if you wanted to take it out of order if everybody else was prepared to do that, but I'm not sure whether I'll finish, and I don't necessarily think it's fair that they will have overnight to prepare for my replies.

THE COURT: Well, I certainly see the merit of your suggestion of having the remainder, this topic, done at the start tomorrow. How much equitable mootness is mainly between Ms. Rubin and you?

MR. STEINBERG: No, Your Honor, I think the entire equitable mootness argument is a half hour and I think I have five minutes, I think Mr. Weisfelner has five minutes --

THE COURT: Yeah, of course, it's mainly Ms. Rubin's issue.

MR. STEINBERG: Oh.

MS. NEWMAN: Actually, Your Honor, it's not, it's --

MR. STEINBERG: It's the unit holder.

THE COURT: Yes, but with Akin Gump.

MS. NEWMAN: Yes.

THE COURT: You're her ally.

MS. NEWMAN: I am. I (indiscernible).

THE COURT: Okay, you're playing the role of Mr. Golden?

MS. NEWMAN: Yes, Your Honor.

THE COURT: All right. Can we really, really get this done in 35 minutes?

MS. NEWMAN: Your Honor, I think we would prefer to start that tomorrow, keep the order that's contemplated in the schedule and start that tomorrow because we're concerned that, to the extent that Your Honor has questions, we may need more time.

THE COURT: Are you guys available early tomorrow as you were today?

MR. STEINBERG: Yes.

MS. NEWMAN: Yes.

THE COURT: All right, let's do this starting at 9:00am tomorrow.

MR. STEINBERG: Thank you.

MS. NEWMAN: Thank you, Your Honor.

THE COURT: But therefore, what I want to do is back to the principle arguments, which is what you (indiscernible), Mr. Steinberg, and Mr. Weisfelner, you're looking for a brief (indiscernible)?

MR. WEISFELNER: Correct, Your Honor.

MS. RUBIN: And Your Honor, I have also reserved five minutes if Your Honor can (indiscernible) reserve (indiscernible).

THE COURT: Okay. In which case, the (indiscernible) Plaintiffs, of course, have to be limited to new stuff that Mr. Steinberg says tomorrow morning, but with that said, we'll pick up at 9:00 tomorrow. Let's notify the marshals accordingly. And CourtCall if you are listening in, get yourself down there before 9:00. Okay, we'll recess until 9:00.

MR. WEISFELNER: Your Honor, do you know whether or not it would be safe to leave our binders and --

THE COURT: I'll tell you what I always tell people in these circumstances, Mr. Weisfelner. You've got my permission to --

(Whereupon these proceedings were concluded at 2:44 PM)

C E R T I F I C A T I O N

I, Sonya Ledanski Hyde, certified that the foregoing transcript is a true and accurate record of the proceedings.

Sonya Ledanski Hyde

Veritext Legal Solutions
330 Old Country Road
Suite 300
Mineola, NY 11501

Date: February 19, 2015

j

EXHIBIT 3

Case 1:14-cv-07497-JMF Document 17 Filed 09/16/14 Page 1 of 21

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
---x
IN RE:

GENERAL MOTORS LLC IGNITION SWITCH LITIGATION

This Document Relates To All Actions

---x

14-MD-2543 (JMF)
14-MC-2543 (JMF)

ORDER NO. 13
(Organization of Plaintiffs' Counsel, Protocols for Common Benefit Work and Expenses)

JESSE M. FURMAN, United States District Court Judge:

The Court believes that it is prudent to define the authority, duties, and responsibilities of Lead Counsel, Plaintiff Liaison Counsel, Federal/State Liaison Counsel, and members of the Plaintiffs' Executive Committee. The Court also wishes to set specific guidelines and rules for staffing, fees, expenses, and billing records. Nothing in this Order shall be interpreted to affect any proceedings other than those involving the authorities, duties, responsibilities, guidelines, and rules of and for plaintiffs' counsel, as discussed herein.

I. <u>AUTHORITY, DUTIES, AND RESPONSIBILITIES OF PLAINTIFFS' COUNSEL</u>

The specific duties to be undertaken by Plaintiffs' Lead Counsel, Plaintiff Liaison Counsel, Federal/State Liaison Counsel, and members of the Plaintiffs' Executive Committee are as follows:

A. <u>Co-Lead Counsel</u>

In Order No. 8 (14-MD-2543, Docket No. 249), the Court appointed the following counsel as Plaintiffs' Co-Lead Counsel ("Lead Counsel"): Steve W. Berman, Elizabeth J. Cabraser, and Robert C. Hilliard.

Lead Counsel will be responsible for prosecuting any potential common benefit claims, as well as coordinating the pretrial proceedings conducted by counsel for the individual

Plaintiffs. With respect to the common benefit claims and coordinated pretrial proceedings, Lead Counsel must:

(1) determine (after such consultation with members of the Executive Committee and other co-counsel as may be appropriate) and present (in briefs, oral argument, or such other fashion as may be appropriate, personally or by a designee) to the Court and opposing parties the position of the Plaintiffs on matters arising during the coordinated pretrial proceedings;

(2) coordinate the initiation and conduct of discovery on behalf of the Plaintiffs consistent with the requirements of Fed. R. Civ. P. 26, including the preparation of joint interrogatories and requests for production of documents and the examination of witnesses in depositions, except that discovery and motions initiated by the Defendants directed to or regarding named individual Plaintiffs will be handled by the attorney(s) for those individuals;

(3) delegate specific tasks to other counsel in a manner to ensure that pretrial preparation for the Plaintiffs is conducted effectively, efficiently and economically;

(4) enter into stipulations with opposing counsel necessary for the conduct of the multi-district litigation ("MDL");

(5) convene meetings of the Executive Committee for the purpose of proposing joint action and discussing and resolving matters of common concern;

(6) organize themselves and agree on a plan for conducting the MDL on behalf of all Plaintiffs;

(7) assess members of the Executive Committee, Liaison Counsel, Federal/State Liaison Counsel, and other counsel performing authorized common benefit work common benefit payments into a Common Benefit "Shared Cost" Fund ("shared cost" being defined below), in amounts and at times they determine to be necessary and appropriate in consultation with the Executive Committee, collect payments, maintain an account, pay generic expenses in accordance with this order, and account to the Executive Committee and the Court upon request as to the collection and use of such funds;

(8) brief and argue motions for the Plaintiffs and file opposing briefs and argue motions and proceedings initiated by other parties (except as to matters specifically directed to individual Plaintiffs and their counsel);

(9) consult with and employ expert witnesses;

(10) maintain time and expense records for work performed, costs incurred and other disbursements made for any potential common benefit claim, proof of potential common benefit claims, and related matters on behalf of the Executive Committee, and report with reasonable regularity, in writing, to the Executive Committee, Liaison Counsel, and Federal/State Liaison Counsel concerning expenses, disbursements, and receipts;

(11) monitor work performed by the Executive Committee, Liaison Counsel, and Federal/State Liaison Counsel and those whose work it has specifically authorized;

(12) perform all tasks necessary to carry out the functions of Lead Counsel and to properly coordinate Plaintiffs' pretrial activities;

(13) form task-specific subcommittees of counsel as appropriate;

(14) authorize Plaintiffs' counsel to initiate case-specific motions and discovery;

(15) designate Plaintiffs' counsel authorized to attend hearings and depositions;

(16) negotiate settlements subject to Court approval on behalf of Plaintiffs;

(17) if there is a settlement, propose a plan of allocation;

(18) prepare and distribute to the parties periodic status reports; and

(19) coordinate and communicate with Defendants' counsel with respect to the matters addressed in this paragraph.

No generic discovery or other common action or work in this litigation will be undertaken on behalf of the Executive Committee except at the direction or with permission of

Lead Counsel; provided, however, that any attorney aggrieved by any refusal of permission may seek Court review of the refusal. In performing these duties as Lead Counsel, Mr. Berman and Ms. Cabraser will focus on economic class claims and Mr. Hilliard will focus on individual Plaintiffs.

B. <u>Plaintiff Liaison Counsel</u>

In Order No. 8, the Court appointed Robin L. Greenwald as Plaintiff Liaison Counsel. Plaintiff Liaison Counsel shall maintain an up-to-date service list of all Plaintiffs' attorneys involved in this MDL. Liaison Counsel shall ensure that all Orders entered by this Court and all papers filed by the Defendants are timely distributed to all Plaintiffs' counsel in the MDL. Liaison Counsel shall coordinate activities and information exchange between the MDL proceedings and the bankruptcy proceedings, including meeting and conferring with New GM to provide the Court joint written updates of the Bankruptcy proceedings as ordered by the Court about matters of significance, including hearings, schedules, and deadlines. In addition, Liaison Counsel shall work with Lead Counsel in scheduling leadership meetings, keeping minutes of these meetings, appearing at Court noticed status conferences, and performing other necessary administrative or logistic functions for the effective and efficient functioning of the MDL, work with State/Federal Liaison Counsel and Defendants' counsel to create a single electronic document depository that will be used in both this MDL and related state and federal cases, coordinate with government agency investigations on behalf of Plaintiffs, and assume any other duties delegated by Lead Counsel.

C. <u>Federal/State Liaison Counsel</u>

In Order No. 8, the Court appointed Dawn M. Barrios as Federal/State Liaison Counsel. Federal/State Liaison Counsel shall be the point of contact between the Court and other counsel with similar actions pending in state courts, advise such parties of developments, and otherwise assist in the coordination of federal/state activities, as recommended in Section 20.313 of the Manual for Complex Litigation, Fourth (the "MCL"). In addition, Federal/State Liaison Counsel shall assume any other duties delegated by Lead Counsel.

D. <u>Executive Committee</u>

Order No. 8 appointed the following counsel to the Plaintiffs' Executive Committee: David Boies, Lance A. Cooper, Melanie L. Cyganowski, Adam J. Levitt, Dianne M. Nast, Peter Prieto, Frank M. Pitre, Joseph F. Rice, Mark P. Robinson, Jr., and Marc M. Seltzer.

The duties and responsibilities of the Executive Committee are as follows. The Executive Committee shall, subject to the prior approval of Lead Counsel:

(1) from time to time consult with Lead Counsel in conducting the Plaintiffs' coordinated pretrial activities and in planning for trial;

(2) establish procedures for documenting and monitoring costs and the computing of potential common benefit time;

(3) consult the MCL to consider recommendations and formation of internal committees *(e.g.,* Law, Discovery, Science, Briefing, Experts, and Trial) on which attorneys who are not designated as Executive Committee members will have the opportunity to serve and have input in the litigation through the committee. Consistent with section 10.22 of the MCL, counsel appointed to leadership positions assume "an obligation to act fairly, efficiently, and economically" and "committees of counsel ... should try to avoid unnecessary duplication of effort";

(4) contribute to the Common Benefit Fund for "shared costs" (as defined below); and

(5) otherwise assist Lead Counsel in their discharge of the following duties and responsibilities:

a. determining and presenting (in briefs, oral argument, or such other fashion as may be appropriate) to the Court and opposing parties the Plaintiffs' position on matters arising during coordinated pretrial proceedings;

b. coordinating the initiation and conduct of discovery on behalf of the Plaintiffs consistent with the requirements of Fed. R. Civ. P. 26, including the preparation of joint interrogatories and requests for production of documents and the examination of witnesses in depositions, except that discovery and motions initiated by Defendants directed to or regarding named individual plaintiffs will be handled by the attorney for those individuals;

c. delegating specific tasks to other counsel in a manner to ensure that coordinated pretrial preparation for the Plaintiffs is conducted effectively, efficiently and economically;

d. entering into stipulations with opposing counsel necessary for the conduct of the MDL;

e. organizing themselves and agreeing on a plan for conducting the MDL on behalf of all Plaintiffs;

f. briefing and arguing motions for the Plaintiffs and filing opposing briefs and arguing motions and proceedings initiated by other parties (except as to matters specifically directed to individual plaintiffs and their counsel);

g. consulting with and employing expert witnesses;

h. convening meetings of Plaintiffs' counsel to consult on matters of common concern;

i. maintaining time and expense records for work performed, costs incurred, and other disbursements made for any potential common benefit claim, proof of potential common benefit claims, and related matters on behalf of the Executive Committee;

j. monitoring work performed by Executive Committee members and those whose work the Executive Committee has specifically authorized;

k. properly coordinating Plaintiffs' pretrial activities;

l. authorizing Plaintiffs' counsel to initiate case specific motions and discovery;

m. negotiating settlements subject to court approval on behalf of Plaintiffs;

n. if there is a settlement, proposing a plan of allocation;

o. preparing and distributing to the parties periodic status reports; and

p. coordinating and communicating with Defendants' counsel with respect to the aforementioned matters.

II. ADOPTION OF CASE MANAGEMENT PROTOCOLS

The Court hereby adopts the following guidelines for the management of case-staffing, timekeeping, cost reimbursement, and related common benefit issues. The recovery of common benefit attorneys' fees and cost reimbursements will be limited to "Participating Counsel." "Participating Counsel" shall be defined as the Lead Counsel, Liaison Counsel, and State/Federal Liaison Counsel, the members of the Executive Committee (along with members and staff of their respective firms), any other counsel authorized by Lead Counsel who desire to be considered for common benefit compensation, or counsel who have been specifically approved by this Court as Participating Counsel prior to incurring any such cost or expense. Counsel are forewarned that no application for approval to incur common benefit fees, costs, or expenses will be considered by this Court unless counsel have first obtained approval from Lead Counsel.

Participating Counsel shall be eligible to receive common benefit attorneys' fees and reimbursement of costs and expenses only if the time expended, costs incurred, and activity in question were (a) for the common benefit of Plaintiffs; (b) appropriately authorized by Lead Counsel; (c) timely submitted; (d) reasonable; and (e) approved by this Court. As detailed below in Parts II.A & II.B, Participating Counsel who seek to recover Court-awarded common benefit attorneys' fees, costs, and expenses in connection with this litigation shall keep a daily, contemporaneous record of their time and expenses, noting with specificity the amount of time, billing rate, and particular activity, along with a brief note indicating the source of authorization for the activity in question.

Participating Counsel, as defined above, shall agree to the terms and conditions herein, including submitting to this Court's jurisdiction and agreeing that this Court has plenary authority regarding the award and allocation of common benefit attorneys' fees and awards for cost and expense reimbursements in this matter.

A. <u>Common Benefit Work</u>

1. <u>Authorization for Compensable Common Benefit Work</u>

Authorized "Common Benefit Work" includes assignments made by Lead Counsel as set forth above. Unless specifically and explicitly authorized in writing, no time spent on developing or processing individual issues in any case for an individual client (claimant), and no time spent on any unauthorized work, will be considered or should be submitted.

Examples of authorized and unauthorized work include, but are not limited to:

(a) **<u>Depositions</u>:** While it is impracticable to impose inflexible rules to cover every conceivable situation, Lead Counsel shall exercise discretion, judgment, and prudence to designate only that number of attorneys to participate in any given deposition that is commensurate with the nature of that deposition so as to avoid over-staffing. Thus, for example, the deposition of a causation expert proffered by Defendants would typically justify the assignment of more attorneys than would the defense of the deposition of one of Plaintiffs' fact witnesses. Time and expenses for Participating Counsel not designated as one of the authorized questioners or otherwise authorized to attend the deposition by Lead Counsel shall not be considered Common Benefit Work but, rather, considered as attending on behalf of such counsel's individual clients. Unnecessary attendance by counsel may not be compensated in any fee application to the Court.

(b) **<u>Periodic Executive Committee Conference Calls and Liaison Counsel Meetings</u>:** Conference calls are held so that individual attorneys are kept up-to-date on the status of the litigation, and participation by listening to such calls is not common benefit work. All attorneys have an obligation to keep themselves informed about the litigation so that they can best represent their respective clients, and that is a reason to listen in on those calls. The attorneys designated by Lead Counsel to run or participate in those calls are working for the common benefit by keeping other attorneys educated about the litigation and their time will be considered for common benefit. During such telephone or conference calls and meetings, there is a presumption that only the authorized active participants' time will qualify for common benefit time.

(c) **<u>Periodic MDL Status Conferences</u>:** Status conferences will be held so that the litigation moves forward and legal issues are resolved with the Court. Individual attorneys are free to attend any status conference held in open court in order to stay up to date on the status of the litigation, but attending and listening to such conferences is not Common Benefit Work. All attorneys have an obligation to keep themselves informed about the litigation so that they can best represent their respective clients. Mere attendance at a status conference will not be considered common benefit time, and expenses incurred in relation thereto will not be considered common benefit expenses. The attorneys designated by Lead Counsel to address issues that will be raised at a given status conference or requested by Lead Counsel to be present at a status conference are working for the common benefit, and their time will be considered for the common benefit. Similarly, any attorney whose attendance at a status conference is specifically requested by the undersigned (or by any other judge presiding over this matter or Court-appointed Special Master) to address a common issue may submit his or her time for evaluation as common benefit time.

(d) **<u>Identification and Work-Up of Experts</u>:** If a Participating Counsel retains an expert without the knowledge and approval of Lead Counsel, time and expenses attributable to the same may not be approved as Common Benefit Work, or the expenses pertaining thereto as Common Benefit Expenses.

(e) **<u>Attendance at Seminars</u>:** Attendance at seminars (e.g., American Association for Justice Section Meetings, Mass Torts Made Perfect, Harris Martin, and similar seminars and Continuing Legal Education programs) shall not qualify as Common Benefit Work, or the expenses pertaining thereto as Common Benefit Expenses.

(f) **<u>Document Review</u>:** Only document review specifically authorized by Lead Counsel and assigned to an attorney will be considered Common Benefit Work. If an attorney elects to review documents that have not been assigned to that attorney by Lead Counsel, that review is not considered common benefit. Unless approved in writing by Lead Counsel, only licensed attorneys may conduct common benefit document review. Descriptions associated with "document review" must contain sufficient detail to allow those reviewing the time entry to generally ascertain what was reviewed. For example, indicating the custodian, search query, or number of document folders reviewed is the kind of description needed.

(g) **<u>Review of Filings and Orders</u>:** All attorneys have an obligation to keep themselves informed about the litigation so that they can best represent their respective clients, and review of briefs and filings made and Orders entered in this litigation is part of that obligation. Only Court-appointed Counsel and those attorneys working on assignments by Lead Counsel that require them to review, analyze, or summarize those filings or Orders in connection with their assignments are doing so for the common benefit. All other counsel are reviewing those filings and Orders for their own benefit and that of their respective clients and such review will not be considered Common Benefit Work.

(h) **<u>Emails and Correspondence</u>:** Except for the Counsel appointed in I. A-D. of this Order, and their assigned attorneys and staff working on this MDL, time recorded for reviewing emails and other correspondence is not compensable unless germane to a specific task being performed by the receiving or sending attorney or party that is directly related to that email or other correspondence and that is for the common benefit of plaintiffs. Thus, for example, review of an email or other correspondence sent to dozens of attorneys to keep them informed on a matter on which they are not specifically working would not be compensable as Common Benefit Work. All attorneys have an obligation to keep themselves informed about the litigation so that they can best represent their clients and that is a reason to review emails and correspondence to a larger group, which involves a matter on which the recipient is not directly and immediately working.

Case 1:14-cv-08247-JMF Document 17 Filed 09/16/14 Page 15 of 21

(i) **Review of Discovery:** All attorneys have an obligation to keep themselves informed about the litigation so that they can best represent their respective clients, and that is a reason to review discovery served in this litigation. Only those attorneys designated by Lead Counsel to review discovery are working for the common benefit and their time accordingly considered Common Benefit Work. All other counsel are reviewing those discovery responses for their own benefit and the benefit of their own clients, and such review will not be considered Common Benefit Work.

(j) **Travel Time:** Travel Time will not be compensable as Common Benefit Work, except to the extent work otherwise compensable as such is performed while in transit.

In the event that Participating Counsel are unsure if the action they are about to undertake is considered Common Benefit Work, they shall ask Lead Counsel in advance as to whether such time may be compensable.

2. Timekeeping and Submission of Time Records

All time must be accurately and contemporaneously maintained. Participating Counsel shall keep contemporaneous billing records of the time spent in connection with Common Benefit Work on this MDL, indicating with specificity the hours and billing rate, along with a brief note indicating the source of authorization for the activity in question and a brief description of the particular activity (such as "conducted deposition of John Doe as authorized by [name of Lead Counsel]"). Time submissions shall be made to Lead Counsel on a monthly basis, by deadlines to be set by Lead Counsel, in accordance with the guidelines set forth herein and using the Monthly Time Report and Expense Report to be distributed by Lead Counsel and which are annexed hereto as Addenda A and B, respectively, so that Lead Counsel may retain those forms for later submission to this Court if and when necessary. The first submission is due on October 15, 2014 and should include all time and expense through September 30, 2014. Thereafter, all time and expense records shall be submitted on the 15th of each month and shall cover the time period through the end of the preceding month. Time entries that are not sufficiently detailed will not be considered for payment of Common Benefit fees. All time for Common Benefit Work by each firm shall be recorded and maintained in tenth-of-an-hour increments. The failure to secure authorization from Lead Counsel to incur Common Benefit time and expenses, or to maintain and timely provide such records or to provide a sufficient description of the activity, will be grounds for denying the recovery of attorneys' fees or expenses in whole or in part. Lead Counsel must maintain all time submissions in a format so that the Court may review any application for fees not only by lawyer but also by task *(e.g.,* all time spent by anyone on responding to a particular motion or attending or preparing for a particular deposition).

B. <u>Common Benefit Expenses</u>

1. <u>Shared Costs</u>

"Shared Costs" are costs that will be paid out of the Executive Committee Fund administered by Plaintiffs' Lead Counsel. Each Executive Committee member, Liaison Counsel and Federal/State Liaison Counsel shall contribute to the Executive Committee Fund at times and in amounts sufficient to cover plaintiffs' expenses for the administration of this MDL. The timing and amount of each assessment will be determined by Plaintiffs' Lead Counsel, in consultation with the Executive Committee, and each assessment will be paid within 30 days as instructed by Plaintiffs' Lead Counsel. Failure to pay assessments will be grounds for the removal from the appointments made in this Order or other common benefit assignments. Shared Costs are costs incurred for the common benefit of Plaintiffs in this MDL as a whole. No client-related costs, save certain costs relating to future cases selected as bellwether cases that will be for the common benefit *(e.g.,* related to liability and causation), shall be considered

Case 1:14-cv-03279-JMF Document 17 Filed 09/16/14 Page 13 of 21

Shared Costs, unless exceptional circumstances exist and are approved by later order of this Court. All Shared Costs must be approved by Lead Counsel prior to payment.

All costs that meet these requirements and fall under the following categories shall be considered Shared Costs and qualify for submission and payment directly from the Executive Committee Fund:

a. court, filing and service costs related to common issues;

b. deposition and court reporter costs for depositions (excluding those that are client-specific);

c. document depository creation, operation, staffing, equipment and administration;

d. Lead Counsel, Liaison Counsel, or Executive Committee administration matters *(e.g.,* expenses for equipment, technology, courier services, long distance, telecopier, electronic service, photocopy and printing, secretarial/temporary staff, etc.);

e. Executive Committee administration matters, such as meetings and conference calls;

f. legal and accountant fees relating to the Executive Committee Fund;

g. expert witness and consultant fees and expenses for experts whose opinions and testimony would be generic and for the common benefit of a substantial number of cases. There shall be no reimbursement for case specific experts, except for liability and causation experts in bellwether cases, at the discretion of the Executive Committee;

h. printing, copying, coding, scanning related to the above (out-of-house or extraordinary firm costs);

i. research by outside third-party vendors/consultants/attorneys, approved by Lead Counsel;

j. translation costs related to the above;

k. bank or financial institution charges;

l. investigative services, approved by Lead Counsel; and

m. any assessment paid by any member firm of the Executive Committee, including particularly funds used for the creation of the common document depository platform and for retaining generic expert witnesses.

Lead Counsel shall prepare and be responsible for distributing reimbursement procedures and the forms associated therewith. Requests for payments from the Executive Committee Fund for Common Benefit expenses shall include sufficient information to permit Lead Counsel and a Certified Public Accountant ("CPA") to account properly for costs and to provide adequate detail to the Court.

2. <u>Held Costs</u>

"Held Costs" are those that will be carried by each attorney in this MDL and reimbursed as and when Lead Counsel and the Executive Committee determines to do so. Held Costs are those that do not fall into the above Shared Costs categories but are incurred for the common benefit of all plaintiffs in this MDL. No client-specific costs can be considered Held Costs, other than certain Common Benefit costs relating to future bellwether cases at the discretion of Lead Counsel and the Executive Committee. Held Costs shall be recorded in accordance with the guidelines set forth herein and on the form provided as Addendum B hereto. They shall be subject to the following limitations:

a. <u>Travel Limitations</u>

Only reasonable expenses will be reimbursed. Except in extraordinary circumstances approved by Lead Counsel, all travel reimbursements are subject to the following limitations:

i. **<u>Airfare</u>:** Ordinarily, only the price of the lowest available, convenient coach fare seat will be reimbursed. Business/First Class Airfare will not be reimbursed. In the event that non-coach air travel is utilized, the attorney shall be reimbursed only to the extent of the lowest available, convenient coach fare, which must be contemporaneously documented. If non-coach, private or charter travel is elected, the applicant is required to document what the lowest available, convenient coach fare in effect at that time was, and that is all that can be reimbursed.

ii. **Hotel:** Hotel room charges for the average available room rate of a business hotel, such as the Hyatt, Hilton, Sheraton, Westin, and Marriott hotels, in the city in which the stay occurred, will be reimbursed. Luxury hotels will not be fully reimbursed but, rather, will be reimbursed at the average available rate of a business hotel.

iii. **Meals:** Meal expenses must be reasonable. Expenses that significantly exceed the meal allowances for federal employees may not be approved for reimbursement. There will be no reimbursement for alcoholic beverages, room service, mini-bar items, or movies.

iv. **Cash Expenses:** Miscellaneous cash expenses for which receipts generally are not available *(e.g.*, tips, luggage handling) will be reimbursed up to $50.00 per trip, as long as the expenses are properly itemized.

v. **Automobile Rental:** Luxury automobile rentals will not be fully reimbursed, unless only luxury automobiles are available. Counsel must submit evidence of the unavailability of non-luxury vehicles. If luxury automobiles are selected when non-luxury vehicles are available, then the difference between the luxury and non-luxury vehicle rates must be shown on the travel reimbursement form and only the non-luxury rate may be claimed.

vi. **Mileage:** Mileage claims must be documented by stating origination point, destination, and total actual miles for each trip. The rate will be the maximum rate allowed by the Internal Revenue Service.

b. Non-Travel Limitations

i. **Long Distance, Conference Call, and Cellular Telephone Charges:** Common Benefit long distance, conference call, and cellular telephone charges must be documented as individual call expenses in order to be compensable. Copies of the telephone bills must be submitted with notations as to which charges relate to

Case 1:14-cv-08277-JMF Document 17 Filed 09/04/14 Page 16 of 21

the MDL. Such charges are to be reported at actual cost.

ii. **Shipping, Overnight, Courier, and Delivery Charges:** All claimed Common Benefit shipping, overnight, courier, or delivery expenses must be documented with bills showing the sender, origin of the package, recipient, and destination of the package. Such charges are to be reported at actual cost.

iii. **Postage Charges:** A contemporaneous postage log or other supporting documentation must be maintained and submitted for Common Benefit postage charges. Such charges are to be reported at actual cost.

iv. **Telefax Charges:** Contemporaneous records should be maintained and submitted showing faxes sent and received. The per-fax charge shall not exceed $0.50 per page.

v. **In-House Photocopy:** A contemporaneous photocopy log or other supporting documentation must be maintained and submitted. The maximum copy charge is $0.15 per page.

vi. **Computerized Research- Lexis, Westlaw, or Bloomberg:** Claims for Lexis, Westlaw, Bloomberg, or other computerized legal research expenses should be in the exact amount charged to the firm and appropriately allocated for these research services.

c. Verification

The forms detailing expenses shall be certified by an attorney with authority in each firm attesting to the accuracy of the submissions. Attorneys shall provide receipts for all expenses. Credit card receipts (not the monthly statements) are an appropriate form of verification so long as accompanied by a declaration from counsel that the charge was incurred for the common benefit. Hotel costs must be proven with the full hotel invoice. The description of unclaimed expenses on the invoice may be redacted.

III. RESERVATION OF RIGHTS

Nothing in this order imposes any obligations on defendants or prejudices any rights defendants have and may assert. Defendants reserve all of their rights to object to all motions, stipulations, discovery, filings, or other proceedings filed, served, or proposed by any plaintiffs. Nothing in this order shall be construed as requiring particular motions, stipulations, discovery, filings, or any other action by a party, nor shall this order be interpreted as requiring any particular pre-trial or trial proceedings.

SO ORDERED.

Date: September 16, 2014
New York, New York

JESSE M. FURMAN
United States District Judge

ADDENDUM A

IN RE GM IGNITION SWITCH LITIGATION, MDL NO. 2543
MONTHLY TIME REPORT

Quarter/Date ________________________________

Firm Name: ________________________________

Categories: 1. Lead and/or Liaison Calls/Meetings 2. Executive Committee Calls/Meetings 3. Lead/Liaison Duties 4. Administrative 5. MDL Status Conf. 6. Court Appearance 7. Research 8. Discovery 9. Doc. Review 10. Litigation Strategy & Analysis 11. Dep: Prep/Taken/Defend 12. Pleadings/Briefs/Pre-trial Motions/Legal 13. Science 14. Experts/Consultants 15. Settlement 16. Trial Prep/Bellwether 17. Trial 18. Appeal 19. Miscellaneous (describe)

Firm ID:	Last Name, First Name	Professional level: Partner (PT), Associate (A), Contract (C), or Paralegal (PR)	Date of Service:	Category Code:	Category Name:	Detailed Description of Work performed:	Work Assigned by or Approved by:	Billing Rate:	Time spent (by 0.1 increments)	Fees Total:

Category Name	Total Time per Category	Total Fees per Category
Lead and/or Liaison Calls/Meeting		
Executive Committee Calls/Meeting		
Lead/Liaison Duties		
Administrative		
MDL Status Conf.		
Court Appearance		
Research		
Discovery		
Doc. Review		
Litigation Strategy & Analysis		
Dep: Prep/Take/Defend		
Pleadings/Briefs, Pretrial Motions, Legal		
Science		
Experts/Consultants		
Settlement		
Trial Prep/Bellwether		
Trial		
Appeal		
Total:		

ADDENDUM B

GM Ignition MDL No. 2543 Expense Report for ______________________________
Law Firm

Last Name, First Name: ______________________________

Quarter/Date: ______________________________

<u>Categories</u>: **1.** Assessment Fees **2.** Federal Express / Local Courier, etc. **3.** Postage Charges **4.** Facsimile Charges **5.** Long Distance **6.** In-House Photocopying **7.** Outside Photocopying **8.** Hotels **9.** Meals **10.** Mileage **11.** Air Travel **12.** Deposition Costs/Expert Witness/Other **13.** Lexis/Westlaw **14.** Court Fees **15.** Witness / Expert Fees **16.** Investigation Fees / Service Fees **17.** Transcripts **18.** Ground Transportation (*i.e.* Rental) **19.** Miscellaneous (Describe)

ALL ORIGINAL RECEIPTS MUST BE ATTACHED TO THIS EXPENSE SHEET

Date:	Category Code:	Category Name:	Detailed Description:	Amount:	Receipt Provided: Yes / No (if no, provide reason)

EXHIBIT4

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE: GENERAL MOTORS LLC IGNITION SWITCH LITIGATION *This Document Relates to All Actions*	INDEX NO. 14-MD-2543 (JMF); 14-MC-2543 **NOTICE OF ERRATA AND CORRECTION TO THE CONSOLIDATED CLASS ACTION COMPLAINT AGAINST NEW GM FOR RECALLED VEHICLES MANUFACTURED BY OLD GM AND PURCHASED BEFORE JULY 11, 2009** **JURY TRIAL DEMANDED**

On October 14, 2014, Plaintiffs filed their Consolidated Class Action Complaint against New GM for Recalled Vehicles Manufactured by Old GM and Purchased Before July 11, 2009 [Dkt. 347]. Plaintiffs hereby make the following corrections to that complaint:

Class Definitions

1. On page 253, in paragraph 828 ("The Nationwide Class"), the text "2006-2009 Chevrolet Impala" is replaced with "2000-2009 Chevrolet Impala".

2. On page 253, in paragraph 829 (The State Classes"), the text "2006-2009 Chevrolet Impala" is replaced with "2000-2009 Chevrolet Impala".

Other Errata

3. On page 1, paragraph 3, the text "Complaint is bought on behalf" is replaced with "Complaint is brought on behalf".

4. On page 15, the text "On or about August 7, 2013, Mr. Malaga purchased" is replaced with "On or about December 8, 2006, Mr. Malaga purchased".

5. On page 20, the text "Turner Clifford" is replaced with "Clifford Turner".

6. On page 20, the text “Mr. Clifford” is replaced with “Mr. Turner”.

7. On page 87, in paragraph 239, the text “Both Old and N that” is replaced with “Both Old GM and later New GM knew that”.

8. On page 91, in paragraph 248, the text “demonstrates that N that” is replaced with “demonstrates that Old GM and later New GM knew that”.

9. On page 100, in paragraph 283, the text “engineers at N that” is replaced with “engineers at New GM knew that”.

10. On page 110, in paragraph 308, on page 110, the text “Old GM and later N that” is replaced with “Old GM and later New GM knew that”.

11. On page 189, in paragraph 553, the text “Once again, N of the dangerous airbag” is replaced with “Once again, Old GM and later New GM knew of the dangerous airbag”.

12. On page 204, in paragraph 623, the text “Once again, N of the dangerous brake” is replaced with “Old GM and later New GM knew of the dangerous brake”.

13. On page 217, in paragraph 698, the text “Yet again, N of the shift cable defect” is replaced with “Yet again, Old GM and later New GM knew of the shift cable defect”.

14. On page 261, in paragraph 857, the text “Old and N that the Defective Vehicles” is replaced with “Old GM and later New GM knew that the Defective Vehicles”.

15. On page 279, in paragraph 936, the text “Plaintiffs also seek” is replaced with “The Alaska Class also seeks”.

16. On page 365, in paragraph 1386, the text “Old GM and N or should have known that their conduct” is replaced with “Old GM and later New GM knew or should have known that their conduct”.

17. On page 466, paragraphs 1918 and 1919 should be combined into one paragraph that reads "In the event the Court declines to certify a nationwide Class under Michigan law, Plaintiffs bring this claim on behalf the Missouri Class."

18. On page 569, in paragraph 2465, the text "Old GM was provided notice" is replaced with "Old GM and New GM were provided notice".

19. On page 569, in paragraph 2466, the text "result of Old GM's breach" is replaced with "result of Old GM and New GM's breach".

20. A corrected version of the "Consolidated Class Action Complaint against New GM for Recalled Vehicles Manufactured by Old GM and Purchased Before July 11, 2009" is attached hereto as Exhibit A.

Dated: November 3, 2014

Respectfully submitted

HAGENS BERMAN SOBOL SHAPIRO LLP

By: *_/s/ Steve W. Berman_*
Steve W. Berman

Steve W. Berman
steve@ hbsslaw.com
Sean R. Matt
sean@hbsslaw.com
Andrew M. Volk
andrew@hbsslaw.com
HAGENS BERMAN SOBOL SHAPIRO LLP
1918 Eighth Avenue, Suite 3300
Seattle, WA 98101
Telephone: (206) 623-7292
Facsimile: (206) 623-0594

LIEFF CABRASER HEIMANN & BERNSTEIN, LLP

By: *_/s/ Elizabeth J. Cabraser_*
Elizabeth J. Cabraser

Elizabeth J. Cabraser
ecabraser@lchb.com
LIEFF CABRASER HEIMANN & BERNSTEIN, LLP
275 Battery St., 29th Floor
San Francisco, CA 94111
Telephone: (415) 956-1000
Facsimile: (415) 956-1008

and

Steven E. Fineman (SF 8481)
sfineman@lchb.com
Rachel Geman (RG 0998)
rgeman@lchb.com
Annika K. Martin (AM 2972)
akmartin@lchb.com
LIEFF CABRASER HEIMANN & BERNSTEIN, LLP
250 Hudson Street, 8th Floor
New York, NY 10013-1413
Telephone: (212) 355-9500
Facsimile: (212) 355-9592

Plaintiffs' Co-Lead Counsel with Primary Focus on Economic Loss Cases

Case 1:14-md-02543-JMF Document 378 Filed 11/04/14 Page 5 of 10

HILLIARD MUÑOZ GONZALES L.L.P.

By: */s/ Robert Hilliard*
Robert Hilliard

Robert Hilliard
719 S Shoreline Blvd, Suite #500
Corpus Christi, TX 78401
Telephone: (361) 882-1612
Facsimile: (361) 882-3015

Plaintiffs' Co-Lead Counsel with Primary Focus on Personal Injury Cases

WEITZ & LUXENBERG, PC
Robin L. Greenwald
James Bilsborrow
700 Broadway
New York, NY 10003
Telephone: (212) 558-5500
Facsimile: (212) 344-5461

Plaintiffs' Liaison Counsel

BOIES, SCHILLER & FLEXNER LLP
David Boies
333 Main Street
Armonk, NY 10504
Telephone: (914) 749-8200

THE COOPER FIRM
Lance A. Cooper
531 Roselane St., Suite 200
Marietta, GA 30060
Telephone: (770) 427-5588

OTTERBOURG, STEINDLER, HOUSTON & ROSEN
Melanie Cyganowski
230 Park Avenue
New York, NY 10169-0075
Telephone: (212) 661-9100

GRANT & EISENHOFER, P.A.
Adam J. Levitt
30 N. LaSalle Street, Suite 1200
Chicago, IL 60602
Telephone: (312) 214-0000

NAST LAW LLC
Dianne M. Nast
1101 Market St., Suite 2801
Philadelphia, PA 19107
Telephone: (215) 923-9300

PODHURST ORSECK, P.A.
Peter Prieto
City National Bank Building
25 West Flagler Street, Suite 800
Miami, FL 33130
Telephone: (305) 358-2800

COTCHETT, PITRE & MCCARTHY, LLP
Frank Pitre
840 Malcolm Road, Suite 200
Burlingame, CA 94010
Telephone: (650) 697-6000

MOTLEY RICE LLC
Joseph F. Rice
28 Bridgeside Blvd.
Mt. Pleasant, SC 29464
Telephone: (843) 216-9159

ROBINSON CALCAGNIE ROBINSON
SHAPIRO DAVIS, INC.
Mark P. Robinson, Jr.
19 Corporate Plaza
Newport Beach, CA 92660
Telephone: (949) 720-1288

SUSMAN GODFREY, L.L.P.
Marc M. Seltzer
1901 Avenue of the Stars, Suite 950
Los Angeles, CA 90067
Telephone: (310) 789-3102

Plaintiffs' Executive Committee

BARRIOS, KINGSDORF & CASTEIX, LLP
Dawn M. Barrios
701 Poydras St., Suite 3650
New Orleans, LA 70139
Telephone: (504) 524-3300

Federal / State Liaison Counsel

Jonathan Shub
jshub@seegerweiss.com
SEEGER WEISS LLP
1515 Market Street
Philadelphia, PA 19002
Telephone: (215) 564-2300
Facsimile: (215) 851-8029

Mark P. Pifko
MPifko@baronbudd.com
Roland K. Tellis
RTellis@baronbudd.com
BARON AND BUDD PC
15910 Ventura Boulevard Suite 1600
Encino, CA 91436
Telephone: (818) 839-2333
Facsimile: (818) 986-9698

W. Daniel ("Dee") Miles, III
dee.miles@beasleyallen.com
Archie I. Grubb, II
archie.grubb@beasleyallen.com
BEASLEY ALLEN CROW METHVIN
PORTIS & MILES PC
218 Commerce Street
PO Box 4160
Montgomery, AL 36104
Telephone: (334) 269-2343
Facsimile: (334) 954-7555

Norman E. Siegel
siegel@stuevesiegel.com
STUEVE SIEGEL HANSON LLP
460 Nichols Road, Suite 200
Kansas City, MO 64112
Telephone: (816) 714-7112
Facsimile: (816) 714-7101

Case 1:14-cv-05343-JMF Document 37 Filed 07/14/14 Page 9 of 10

Michael A. Caddell
mac@caddellchapman.com
Cory S. Fein
csf@caddellchapman.com
CADDELL & CHAPMAN
1331 Lamar Street, Suite 1070
Houston, TX 77010
Telephone: (713) 751-0400
Facsimile: (713) 751-0906

Robert Ahdoot
rahdoot@ahdootwolfson.com
Tina Wolfson
twolfson@ahdootwolfson.com
Bradley K. King
bking@ahdootwolfson.com
AHDOOT AND WOLFSON, P.C.
1016 Palm Avenue
West Hollywood, CA 90069
Telephone: (310)-474-9111
Facsimile: (310)-474-8585

Jonathan W. Cuneo
jonc@cuneolaw.com
CUNEO GILBERT & LADUCA, LLP
8120 Woodmont Avenue, Suite 810
Bethesda, MD 20814
Telephone: (202) 789-3960
Facsimile: (202) 789-1813

Roger L. Mandel
rlm@lhlaw.net
LACKEY HERSHMAN LLP
3102 Oak Lawn Avenue Suite 777
Dallas, TX 75219
Telephone: (214)-560-2201

Gregory M. Travalio
gtravalio@isaacwiles.com
ISAAC WILES BURKHOLDER AND TEETOR
Two Miranova Place, Suite 700
Columbus, OH 43215
Telephone: (614) 221-2121
Facsimile: (614) 365-9516

Benjamin L. Bailey
bbailey@baileyglasser.com
Eric B. Snyder
esnyder@baileyglasser.com
BAILEY & GLASSER, LLP
209 Capitol Street
Charleston, WV 25301
Telephone: (304) 345-6555
Facsimile: (304) 342-1110

Edward L. White
ed@edwhitelaw.com
EDWARD L. WHITE, P.C.
825 E. 33rd St.
Edmond, OK 73013
Telephone: (405) 810-8188
Facsimile: (405) 608-0971

Counsel to Certain Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify on that on November 3, 2014, the foregoing document and its Exhibit A were filed and served upon counsel of record via CM/ECF.

By: *____/s/ Elizabeth J. Cabraser____*
Elizabeth J. Cabraser

1201669.1

EXHIBIT A1

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE: GENERAL MOTORS LLC IGNITION SWITCH LITIGATION *This Document Relates to All Actions*	INDEX NO. 14-MD-2543 (JMF); 14-MC-2543 **CONSOLIDATED CLASS ACTION COMPLAINT AGAINST NEW GM FOR RECALLED VEHICLES MANUFACTURED BY OLD GM AND PURCHASED BEFORE JULY 11, 2009** **JURY TRIAL DEMANDED**

Case 1:14-md-02543-JMF Document 579-1 Filed 07/10/14 Page 3 of 337

TABLE OF CONTENTS

Page

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/13/16 Page 4 of 337

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 1579-1 Filed 12/13/15 Page 10 of 337

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/14/15 Page 21 of 387

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/14/15 Page 12 of 337

TABLE OF CONTENTS
(continued)

Page

1197532.12

Case 1:14-md-02543-JMF Document 1179-1 Filed 07/13/15 Page 93 of 367

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/04/15 Page 94 of 337

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/13/15 Page 95 of 837

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 26 of 287

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/13/16 Page 597 of 867

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

TABLE OF CONTENTS
(continued)

Page

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 20 of 387

INTRODUCTION

1. This Consolidated Complaint ("Complaint") is filed as a civil action under the authority and direction of the Court as set forth in Section III of its August 15, 2014 Order No. 8. It is intended to serve as the Plaintiffs' Master Class Action Complaint for purposes of discovery, pre-trial motions and rulings (including for choice of law rulings relevant to Rule 23 of the Federal Rules of Civil Procedure, and class certification itself), and the determination and trial of certified claims or common questions in these multi-district litigation ("MDL") proceedings with respect to millions of vehicles recalled by New GM, that were originally sold by Old GM.

2. Plaintiffs bring this action for a Nationwide Class of all persons in the United States who either bought or leased a vehicle with one of the ignition switch related defects, as defined herein ("Defective Vehicle") prior to the Bankruptcy Sale Order and: (i) still own or lease the vehicle, or (ii) sold the vehicle on or after February 14, 2014; or (iii) owned or leased a Defective Vehicle that was declared a total loss after an accident on or after February 14, 2104 and, as set forth in the CLASS ACTION ALLEGATIONS section of this Complaint, State Classes of such purchasers (collectively, the "Classes").

3. This case involves New GM's egregious and ongoing failure to disclose and affirmative concealment of a known safety defect in Old GM-manufactured vehicles. This Complaint is brought on behalf of the Classes for recovery of damages, statutory penalties, and injunctive relief/equitable relief against New GM as the sole Defendant. This Complaint asserts each of the Classes' claims for relief on two distinct and separate bases of liability against New GM: First, this Complaint asserts each of the claims for relief herein based on New GM's own wrongful conduct and breaches of its own independent, non-derivative duties

toward the Classes. Second, this Complaint alternatively asserts claims on behalf of the Classes against New GM for its liability as a successor and mere continuation of Old GM.

4. This Complaint, consistent with Fed. R. Civ. P. 1's directive to secure the "just, speedy and inexpensive determinations of every action and proceeding," sets forth those facts relating to the unprecedented abnegation by New GM of basic standards of safety, truthfulness, and accountability, to the detriment of millions of consumers and the public at large, that are capable of determination in this MDL. It draws upon an array of sources, including but not limited to documents GM recently produced to the National Highway Traffic Safety Administration ("NHTSA"), the House Energy & Commerce Committee, and the results of an internal investigation overseen by Anton R. Valukas ("Valukas Report").[1] These documents include tens of thousands of pages of unheeded consumer complaints.

5. This Complaint neither waives nor dismisses any claims for relief against any defendant not included in this pleading that are asserted by any other plaintiffs in actions that have been or will be made part of this MDL proceeding, except by operation of the class notice and any opt-out provisions on claims or common questions asserted in this Complaint and certified by this Court. Certain claims for certain parties may, consistent with 28 U.S.C. § 1407 and the caselaw thereunder, be matters for determination on remand by transferor courts.

6. An auto manufacturer should never make profits more important than safety and should never conceal defects that exist in its vehicles from customers or the public. New GM Vehicle Safety Chief Jeff Boyer acknowledged that: "Nothing is more important than the safety of our customers in the vehicles they drive."

[1] These sources are referred to as "GMNHTSA," "GMHEC," and the "Valukas Report." Other sources are described herein

7. The first priority of a car manufacturer should be to ensure that the vehicles who bear its brands are safe, and particularly that its vehicles have operable ignition systems, airbags, power steering, power brakes, seatbelt pretensioners, and other safety features that can prevent or minimize the threat of death or serious bodily harm to the vehicle's occupants.

8. The Transportation Recall Enhancement, Accountability and Documentation Act ("TREAD Act")[2], its accompanying regulations, and state statutory and common law require prompt disclosure of serious safety defects known to a manufacturer.[3] If it is determined that the vehicle is defective, the manufacturer may be required to notify vehicle owners, purchasers, and dealers of the defect, and may be required to remedy the defect.[4]

9. Millions of vehicles designed, manufactured, and sold by Old GM have a safety defect such that the vehicle's ignition switch inadvertently moves from the "run" position to the "accessory" or "off" position during ordinary driving conditions, resulting in a loss of power, vehicle speed control, and braking, as well as a failure of the vehicle's airbags to deploy. These vehicles are referred to in this Complaint as "Defective Vehicles."

10. In February and March of 2014, New GM, which has assumed the liabilities of Old GM for the conduct at issue in this Complaint, and which has independent and non-derivative duties of candor and care based upon its own knowledge and conduct, issued its first set of recalls of various models due to the defective ignition switch. The recalls encompassed 2.19 million vehicles in the United States and included the following models of cars manufactured by Old GM: 2005-2009 Cobalts; 2007-2009 Pontiac G5s; 2006-2009 Chevrolet HHRs and Pontiac Solstices; 2005-2006 Pontiac Pursuits; 2003-2007 Saturn Ions; and 2007-2009 Saturn Skys.

[2] 49 U.S.C. §§ 30101-30170.
[3] 49 U.S.C. § 30118(c)(1) & (2).
[4] 49 U.S.C. § 30118(b)(2)(A) & (B).

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 23 of 387

11. The ignition switch systems in these vehicles are defective for several reasons, including (a) the ignition switch is too weak to hold the key in place in the "run" position; (b) the low position of the switches in the Defective Vehicles, as exacerbated by the use of a "slotted" key; and (c) they cause the airbags to become inoperable when the ignition switch is in the "accessory" or "off" position. As NHTSA's Acting Administrator testified in recent Congressional hearings, a vehicle's airbags should deploy whenever the car is moving—even if the ignition switch moves out of the "run" position.

12. On June 23, 2014, New GM notified NHTSA and consumers that it was issuing a second recall for Defective Vehicles (the "June recall"). Here, New GM recalled 3.14 million vehicles. New GM characterized the June recall as relating to the design of the ignition key with a slot (rather than a hole), which allows the key and the key fob to hang lower down in the vehicle where it is vulnerable to being hit by the driver's knee. Despite this delineation, this "key slot defect" is substantially identical to the ignition switch defect that gave rise to the earlier recall and creates the same safety risks and dangers.

13. According to documents on NHTSA's website, 2,349,095 of the vehicles subject to the June recall were made by Old GM. 792,636 vehicles were made and sold by New GM. The Defective Vehicles made by Old GM with the ignition key slot defect include:

- 2005-2009 Buick Lacrosse
- 2006-2009 Buick Lucerne
- 2004-2005 Buick Regal LS & GS
- 2000-2005 Cadillac Deville
- 2007-2009 Cadillac DTS
- 2006-2009 Chevrolet Impala
- 2006-2007 Chevrolet Monte Carlo

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 24 of 387

14. Like the ignition switch defect that is the subject of the February/March recall, the ignition key slot defect poses a serious and dangerous safety risk because the key in the ignition switch can rotate and consequently cause the ignition to switch from the "on" or "run" position to "off" or "accessory" position. This, in turn, may result in a loss of engine power, stalling, loss of speed control, loss of power steering, loss of power braking, and increase the risk of a crash. Moreover, as with the ignition switch defect, because of this defect, if a crash occurs, the airbags are unlikely to deploy.

15. New GM has tried to characterize the recall of these 3.14 million vehicles as being different than the ignition switch defect in the February/March recall when in reality it is for exactly the same defect, posing the same safety risks. New GM has attempted to distinguish the ignition key slot defect from the ignition switch defect to provide it with cover and an explanation for why it did not recall these 3.14 million vehicles much earlier, and allow New GM to provide a more limited, cheap and ineffective "fix" in the form of a key with hole (as opposed to a slot).

16. On July 2-3, 2014 New GM announced it was recalling 7.29 million Defective Vehicles due to "unintended key rotation" (the "July recall"). The vehicles with the unintended key rotation defect were built on the same platform and with defective ignition switches, likely due to weak detent plungers just like the other Defective Vehicles. The Old GM vehicles implicated in the July recall are: 2000-2005 Chevrolet Impalas and Monte Carlos; 1997-2005 Chevrolet Malibus; 1999-2004 Oldsmobile Aleros; 1999-2005 Pontiac Grand Ams and 2004-2008 Pontiac Grand Prixs; certain 2003-2009 Cadillac CTSs; and certain 2004-2006 Cadillac SRX vehicles.

17. As with the vehicles subject to the June recall, New GM has downplayed the severity of the "unintended key rotation" defect, and its recall offers a similarly cheap and ineffective "fix" in the form of new keys. New GM is *not* upgrading the ignition switches in these vehicles, altering the placement of the ignition so that it is not placed low on the steering column and is not correcting the algorithm that immediately disables the airbags as soon as the Defective Vehicle's ignition switch leaves the "run" position.

18. Collectively these three groups of recalls (as well as a yet another very recent recall first posted on the NHTSA website on September 9, 2014 involving unintended ignition key rotation defects and another nearly 47,000 vehicles, including 2008-2009 Pontiac G8s) all relate to defects in the ignition switch system that New GM could and should have remedied years ago. The vehicles in these recalls are the "Defective Vehicles."

19. From at least 2005 to the present, both Old GM and New GM received reports of crashes and injuries that put Old GM and New GM on notice of the serious safety issues presented by its ignition switch system. Given the continuity of engineers, general counsel, and other key personnel from Old GM to New GM, to say nothing of the access to Old GM's documents, New GM was aware of the ignition switch defects *from the very date of its inception* pursuant to the July 5, 2009 bankruptcy Sale Order, which became effective on July 11, 2009.

20. Despite the dangerous, life-threatening nature of the ignition switch defects, including how the defects affect critical safety systems, New GM concealed the existence of the defects and failed to remedy the problem.

21. The systematic concealment of known defects was deliberate, as both Old and New GM followed a consistent pattern of endless "investigation" and delay each time they

became aware (or aware yet again) of a given defect. In fact, recently revealed documents show that both Old and New GM valued cost-cutting over safety, trained their personnel to *never* use the word "defect," "stall," or other words suggesting that any GM-branded vehicles are defective, routinely chose the cheapest part supplier without regard to safety, and discouraged employees from acting to address safety issues.

22. According to the administrator of NHTSA, Old and New GM worked to hide documents from the government regulator and to keep people within the Companies from "connecting the dots" to keep information secret.

23. New GM's CEO, Mary Barra, has admitted in a video message that: "Something went wrong with our process in this instance, and terrible things happened." But that admission, and New GM's attempt to foist the blame on its parts supplier and engineers, lawyers and others whom it has now terminated, are cold comfort for Plaintiffs and the Class.

24. As a result of the disclosure of these defects and Old and New GM's independent roles in concealing their existence, the value of Defective Vehicles has diminished. For example, a 2007 Saturn Ion sedan is estimated to have diminished in value by $251 in March 2014 as a direct result of these disclosures of unlawful conduct. A 2007 Saturn Sky was down $238.

25. But there is more. In the first eight months of 2014, New GM announced at least 60 additional recalls, bringing the total number of recalled vehicles up to more than *27 million*. The unprecedented scope of these recalls has completely belied the Companies' claims that they made reliable and safe cars. As a result of these further revelations the Defective Vehicles suffered additional diminished value. For example, the 2007 Saturn Ion sedan's estimated diminution was $472 in September 2014 and the 2007 Saturn Sky had $686

in diminished value. From its very inception, New GM had the knowledge, the choice, the opportunity, and the responsibility to prevent personal and economic harm by timely and properly recalling the Defective Vehicles and timely and properly correcting the other safety defects. The economic harm to millions of customers that manifested upon the long-delayed recalls and revelation of New GM's ongoing concealment of these defects could have been prevented by timely discharge of its duties. This Complaint seeks the redress now available at law and in equity for New GM's failure to do so.

JURISDICTION AND VENUE

26. This Court has diversity jurisdiction over this action under 28 U.S.C. §§ 1332(a) and (d) because the amount in controversy for the Class exceeds $5,000,000, and Plaintiffs and other Class members are citizens of a different state than Defendant.

27. This Court has personal jurisdiction over Plaintiffs because Plaintiffs submit to the Court's jurisdiction. This Court has personal jurisdiction over New GM because it conducts substantial business in this District, and some of the actions giving rise to the complaint took place in this District.

28. Venue is proper in this District under 28 U.S.C. § 1391 because New GM, as a corporate entity, is deemed to reside in any judicial district in which it is subject to personal jurisdiction. Additionally, New GM transacts business within this District, and some of the events establishing the claims arose in this District. Additionally, New GM requested that the Judicial Panel on Multi-District litigation transfer and centralize the ignition defect class actions filed by Plaintiffs to this District and the Judicial Panel has done so.

29. Pursuant to this Court's direction that new plaintiffs can file directly in the MDL without first filing in the district in which they reside, new plaintiffs file this action as if it had been filed in the judicial district in which they reside.

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/14/15 Page 28 of 387

PARTIES

I. Plaintiffs

30. Unless otherwise indicated, all Plaintiffs below purchased their GM-branded vehicles primarily for personal, family, and household use.

31. Unless otherwise indicated, all Plaintiffs' vehicles described below were manufactured, sold, distributed, advertised, marketed, and warranted by GM.

Debra Forbes—Alabama: Plaintiff and proposed Nationwide and Alabama State Class Representative Debra Forbes is a resident and citizen of Geneva, Alabama. Ms. Forbes purchased a new 2007 Chevrolet Cobalt in 2007 in Fort Walton Beach, Florida for $16,000. Her vehicle is covered by a seven-year warranty that expires at the end of 2014. Among other incidents consistent with ignition switch shutdown, Ms. Forbes' steering locked up on three or four occasions, in May or June 2010, fall 2010, and spring 2011, all on normal road conditions and while she was driving approximately 25-30 miles per hour. Each time she had to slam on her brakes and manipulate the ignition switch to unlock the steering. Although the ignition switch on Ms. Forbes's car has been repaired, other repairs are incomplete, pending the arrival of parts. The book value of Ms. Forbes' vehicle is presently only approximately $6,000. She would not have purchased her vehicle if she knew of the problems with the ignition switch.

Aaron Henderson—Alabama: Plaintiff and proposed Nationwide and Alabama State Class Representative Aaron Henderson is a resident and citizen of Buhl, Alabama. Mr. Henderson purchased a new 2007 Saturn Ion 3 in September, 2006, in Madison, Wisconsin for approximately $17,500. At the time Mr. Henderson purchased his new Saturn it was under warranty. Mr. Henderson has experienced two accidents in this car—one on December 7, 2012, and the other on February 23, 2014. The airbags failed to deploy in both accidents, and

Mr. Henderson suffered minor injuries as a result. Mr. Henderson has spent approximately $9,000 to repair his vehicle following these accidents. Mr. Henderson did not learn of the ignition switch defects until March of 2014. In May of 2014, the ignition switch recall repair work was performed on his vehicle. Mr. Henderson would not have purchased the vehicle if he had known of the problems with the ignition switch.

Marion Smoke—Alabama: Plaintiff and proposed Nationwide and Alabama State Class Representative Marion Smoke is a resident and citizen of Elmore, Alabama. Ms. Smoke purchased a new 2005 Chevy Cobalt the week of May 5, 2005 in Montgomery, Alabama, for $19,000. At the time Ms. Smoke purchased her new Cobalt, she also purchased the manufacturer’s warranty. Ms. Smoke’s Cobalt unexpectedly shut off on at least seven separate occasions, all of them while she was driving on highways. She has also had trouble with the steering wheel being hard to turn making it difficult to drive. As a result of the issues with her vehicle and ignition switch recall and associated risks, she fears driving her vehicle despite having the recall work performed on her vehicle in April of 2014. She believes the value of her vehicle has been diminished as a result of the defects. Ms. Smoke feels that the safety of the vehicle was misrepresented, and she would not have purchased this car if GM had been honest about the safety defects.

Grace Belford—Arizona: Plaintiff and proposed Nationwide and Arizona State Class Representative Grace Belford is a resident and citizen of Phoenix, Arizona. Ms. Belford purchased a new 2005 Chevrolet Cobalt in October 2005, in Phoenix, Arizona for $18,900. Ms. Belford also purchased the warranty for her Cobalt. On two separate occasions, Ms. Belford’s ignition has unexpectedly shut off after her vehicle went over a bump in the road. Ms. Belford did not learn of the ignition switch defects until March of 2014. She immediately requested a loaner vehicle, but she had no choice despite her concerns to continue to drive the Cobalt to work, as it was her only form of transportation. It took about three months for the recall repair work to be completed on Ms. Belford's vehicle. Ms. Belford had planned to use her Cobalt as a down payment on a new vehicle, but the resale value of her Cobalt was diminished due to the ignition switch defect. Ms. Belford traded in her Cobalt in August of 2014. She was only offered $3,000 for the vehicle - $2,000 less than current Kelley Blue Book value. Ms. Belford would never have purchased the 2005 Chevrolet Cobalt had she known about the defects and GM's indifference with regard to the safety and reliability of its vehicles.

Camille Burns—Arkansas: Plaintiff and proposed Nationwide and Arkansas State Class Representative Camille Burns is a resident and citizen of Pine Bluff, Arkansas. Ms. Burns purchased a used 2006 Chevrolet Cobalt on or about November 1, 2006, from Smart Chevrolet in White Hall, Arkansas, for over $16,000. At the time of purchase, the car was still covered under warranty. Ms. Burns recalls reading that GM and Chevrolet-branded vehicles were great cars with reliable parts. Ms. Burns' Cobalt shutdown "too many times to count"—approximately two to three times per week between June 2014 and the time she traded the vehicle in around July 14, 2014. These unexpected shutdowns occurred when Ms. Burns was pulling out into traffic, backing up, or turning her car. Each time she would be forced to restart the car. The last time it shut off suddenly, it almost caused an accident. She also experienced a loss of power steering while backing out of her driveway. Ms. Burns had her car checked by an independent repair shop, but they could not diagnose the problem. Upon calling a GM dealership about the ignition recall, the dealership refused to provide her a loaner car. But when she called GM directly, they advised her that she should get out of the car immediately. Although her Cobalt had been paid off, based on the repeated shutdowns,

Case 1:14-md-02543-JMF Document 1579-1 Filed 12/03/15 Page 31 of 837

GM's advice, and GM's inability to fix it, Ms. Burns felt compelled to trade in the Cobalt for a safer vehicle. On or about July 14, 2014, she traded it to Smart Hyundai and received only $2,500. The new car payment was a financial hardship. Ms. Burns asserts that the Cobalt suffered a diminution of value due to the ignition switch defects, the recalls, and the surrounding publicity. Ms. Burns would not have purchased the Cobalt, or she would have paid less for it, had she known about its defects.

Patricia Barker—California: Plaintiff and proposed Nationwide and California Class Representative Patricia Barker is a resident and citizen of Wilmington, California. Ms. Barker purchased a new 2005 Saturn Ion in Torrance, California in March 2005 for approximately $18,000. The car was covered under the standard manufacturer's warranty, and she also purchased an extended warranty. She chose the Saturn, in part, because she wanted a safely-designed and manufactured vehicle. She saw advertisements for Old GM Vehicles before she purchased the Saturn and, although she does not recall the specifics of the advertisements, she does recall that safety and quality were consistent themes across the advertisements she saw. These representations about safety and quality influenced Ms. Barker's decision to purchase the Saturn. She has experienced power steering failure in her car on at least two separate occasions. In both instances she was able to reboot the power steering after restarting the car. Ms. Barker did not learn of the ignition switch defects until about February 2014 when she received an undated recall notice in the mail. She then saw a commercial notifying affected GM drivers that they could receive a loaner car while waiting for backordered recall parts to arrive. When she went to a local GM dealership they gave her a 2014 Chevy Impala. She drove this car for forty-five days until her car was repaired in April 2014. Only after she returned the loaner did she find out that it was under recall for the same ignition issue as her

Case 1:14-md-02543-JMF Document 579-1 Filed 01/13/15 Page 32 of 387

own vehicle. Ever since the recall repair has been completed on her car she has some difficulty turning the key in her ignition. Ms. Barker would not have purchased this car had she known about the defects in her GM vehicle.

Michael and Sylvia Benton—California: Plaintiffs and proposed Nationwide and California State Class Representatives Michael and Sylvia Benton are residents and citizens of Barstow, California. Mr. and Mrs. Benton purchased a used 2005 Chevrolet Cobalt on January 10, 2009, in Barstow, California, for $12,789.76. The Bentons chose the Cobalt, in part, because they wanted a safely designed and manufactured vehicle. They saw advertisements for vehicles before they purchased the Cobalt, and, although they do not recall the specifics of the advertisements, they do recall that safety and quality were consistent themes across the advertisements they saw, which influenced their purchase decision. The vehicle was not covered under warranty when they purchased it. Mr. and Mrs. Benton purchased gap warranty for the Cobalt for a term of 48 months. The Bentons' vehicle has shutdown at least 20 times. Mr. and Mrs. Benton did not learn of the ignition switch defects until March 2014. In April 2014, they took their Cobalt to the dealership in their area to have the recall work performed. They were provided a loaner vehicle. The Bentons still fear driving their vehicle due to the ignition switch recall and the risk posed by the ignition switch defects. They would not have purchased this car, or would have paid less than they did, if GM was honest about the safety defects.

Melvin Cohen—California: Plaintiff and proposed Nationwide and California State Class Representative Melvin Cohen is a resident and citizen of California City, California. Mr. Cohen purchased a new 2006 Chevrolet Cobalt on January 13, 2006, from Rally Auto Group in Palmdale, California, for $22,799.80. He does not believe his vehicle was covered by written warranties. Mr. Cohen had a general impression that GM was a quality brand and that the vehicle was safe and reliable. In October of 2008, Mr. Cohen's wife, Karin was driving the vehicle when it suddenly shut off while making a left turn into a gas station in California City, California. Ms. Cohen was unable to control the vehicle once it shut off, and it was hit by another vehicle when it strayed out of its lane. The airbags did not deploy even though the impact was significant enough to total the vehicle. Mr. Cohen would not have purchased the vehicle had he known of the defects.

Esperanza Ramirez—California: Plaintiff and proposed Nationwide and California State Class Representative Esperanza Ramirez is a resident and citizen of Los Angeles, California. Ms. Ramirez purchased new 2007 Saturn Ion on March 13, 2007, at a dealership in California for $27, 215. Her vehicle was covered by a warranty at the time of purchase. Ms. Ramirez has experienced several incidents consistent with the ignition defects, and is unable to drive the car on freeways or for long distances. She had seen commercials about Saturns featuring families that trusted Saturns. Had she known of the problems with her GM car, she would not have purchased it.

Kimberly Brown—California: Plaintiff and proposed Nationwide and California State Class Representative Kimberly Brown is a resident and citizen of Palmdale, California. Ms. Brown purchased a new 2006 Chevrolet HHR on January 7, 2007, at Rally Auto Group in Palmdale, California, for $30,084. Her car was under a 48-month or 100,000 mile warranty at the time she purchased it. She and her husband relied on the advertising posted at the GM dealership where they purchased the vehicle, as well as the GM brand name and its purported reputation for safety and quality, which were consistent with the representations at the GM dealership. Between 2007 and 2011, Ms. Brown's vehicle inadvertently shutdown four or five

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/06/16 Page 34 of 837

times a year, and on several other occasions she had to use heavy force to turn the wheel. Between 2012 and 2014, her vehicle inadvertently shutdown eight or nine times a year, and on several other occasions she had to use heavy force to turn the wheel. Her vehicle typically shuts down while going over bumpy roads, speed bumps, or railroad tracks. It will shutdown while the gear is in drive and the key is in the "on" position. To remedy the problem she puts the gear into neutral and restarts the car. Although the GM dealership indicated that it fixed the ignition switch defect during a post-recall repair in May of 2014, Ms. Brown and her husband have experienced their ignition shutting down at least five times since then. In September 2014, she returned to the dealer to try to have the ongoing shutdowns remedied, and she had to pay out of pocket for a loaner vehicle. Ms. Brown would not have paid the purchase price she paid if she had known GM was manufacturing and selling vehicles plagued with defects, and was not committed to the safety and reliability of its vehicles.

Javier Malaga—California: Plaintiff and proposed Nationwide and California State Class Representative Javier F. Malaga is a resident and citizen of in Playa Del Rey, California. On or about December 8, 2006, Mr. Malaga purchased a used 2006 Cobalt LS, which he still owns, for $15,979.08. When Mr. Malaga purchased the 2006 Cobalt LS, it was not covered by a written warranty. On two occasions Mr. Malaga was unable to turn on the engine with his ignition key. Mr. Malaga returned the car to a dealer for repairs on or about February 15, 2008, and March 25, 2010. One of GM's main selling points has been the efficiency, cost effectiveness, and safety of its vehicles. Mr. Malaga's purchase was based, in significant part, on these representations and assertions by GM. If GM had disclosed the nature and extent of its problems, Mr. Malaga would not have purchased a GM vehicle, or would not have purchased the vehicle for the price paid.

William Rukeyser—California: Plaintiff and proposed Nationwide and California State Class Representative William Rukeyser is a resident and citizen of Davis, California. After researching vehicles on the GM website, Mr. Rukeyser purchased a new 2008 Chevrolet Cobalt on September 4, 2008, in Lodi, California, for $16,215.54. Mr. Rukeyser purchased the manufacturer's warranty at the same time. Mr. Rukeyser had the ignition switch replaced on August 8, 2014. He was provided a loaner vehicle during the two months it took to complete the recall repair work. Mr. Rukeyser would not have purchased this car if GM had been honest about the safety defects.

Yvonne Elaine Rodriguez—Colorado: Plaintiff and proposed Nationwide and Colorado State Class Representative Yvonne Elaine Rodriguez is a resident and citizen of Lakewood, Colorado. She purchased a new 2007 Chevrolet HHR on December 5, 2006, at EMICH Chevrolet in Lakewood, Colorado, for $20,735.87. At the time of purchase, the HHR was covered by Chevrolet's standard warranty. Ms. Rodriguez did not find out about the ignition defect and the safety risk it posed until she received a recall notice in March 2014. After that point, Ms. Rodriguez stopped using her HHR for any long trips or highway driving, for fear of the safety of her family and herself. As soon as she received the recall notice, Ms. Rodriguez attempted to have the recall repair performed on her vehicle, but was informed that the parts were not available. Ms. Rodriguez continued to try to schedule the repair, but because of a lack of parts, she was not able to get her HHR repaired until June 2014. Even after the recall repair, however, Ms. Rodriguez does not feel her HHR is safe, and she and her family continue to avoid long trips and highway driving with the HHR. Ms. Rodriguez would not have purchased her vehicle if she had known that GM cars were plagued by defects and produced by a company that is not committed to safety.

Case 1:14-md-02543-JMF Document 1579-1 Filed 12/03/15 Page 36 of 337

Dawn Orona—Colorado: Plaintiff and proposed Nationwide and Colorado State Class Representative Dawn Orona is a resident and citizen of Limon, Colorado. Ms. Orona purchased a new 2005 Chevrolet Cobalt on August 6, 2005, from Century 1 Chevrolet in Broomfield, Colorado, for a total sale price of $35,053.92. She financed a portion of the sales price, paid a portion of the sales price by trading in an older Chevrolet vehicle, and paid the balance of the purchase in cash. Ms. Orona's vehicle was covered by a warranty and the warranty had not expired at the time the vehicle was totaled in an accident. In the years prior to her purchase and around the time of her purchase, Ms. Orona viewed multiple commercials in which GM touted the safety of its vehicles, and she believed she was purchasing a vehicle that was safe and defect-free. Ms. Orona's vehicle spontaneously shut off a number of times within the first several months of purchasing it. Approximately six months after purchasing the 2006 Chevrolet Cobalt, Ms. Orona and her husband experienced a power loss while attempting to complete a turn on a curve. Although her husband applied both feet on the brakes, the car jumped the curb and plowed into a brick wall. The impact of the crash was severe enough to break the front axle, totaling the vehicle, but the air bags never deployed. Ms. Orona would not have purchased the vehicle had she known of the defects.

Michael Pesce—Connecticut: Plaintiff and proposed Nationwide and Connecticut State Class Representative Michael Pesce is a resident and citizen of Waterbury, Connecticut. Mr. Pesce purchased a used 2006 Chevrolet Cobalt on May 29, 2008, in Waterbury, Connecticut, for approximately $12,000. When Mr. Pesce bought the car it was still covered under a three-year, 36,000-mile warranty. Mr. Pesce was a repeat GM customer and trusted the GM brand when he decided to purchase his Cobalt. This was Mr. Pesce's fifth time owning a GM vehicle. In August 2011, Mr. Pesce's 18 year-old son was driving the car on a major highway in Connecticut when the vehicle lost all power. His son was able to pull over and restart the car, but after another few minutes it died again. Mr. Pesce paid to have the vehicle looked over and repaired, but he now believes the problem was related to the ignition switch defects. Mr. Pesce did not learn about the ignition switch defects until March 2014. The recall repair work was not performed until September 2014, more than six months later. While he waited for the repair work, Mr. Pesce only drove the vehicle if there was an emergency because he was afraid to drive the car. Mr. Pesce does not feel this car is worth what he paid for it and will not buy another GM vehicle.

Lisa Teicher—Connecticut: Plaintiff and proposed Nationwide and Connecticut State Class Representative Lisa Teicher is a resident and citizen of Manchester, Connecticut. Ms. Teicher purchased a used 2005 Chevrolet Cobalt on January 24, 2008, from Gengras Chevrolet in Hartford, Connecticut, for $7,769.22. Her vehicle was covered by written warranty that has now expired. Ms. Teicher received a direct mailing from Gengras Chevrolet advertising the vehicle she purchased. These and other consistent representations at the dealership left her with the impression that the vehicle was safe and reliable. She believed her vehicle was safe and defect free when she purchased it. Ms. Teicher's vehicle has spontaneously turned off on two occasions. In June 2008, her vehicle locked up and shut off while she was driving on an exit ramp on Route 2 in Connecticut. She was unable to control the vehicle and ended up hitting a barrier on the road. She hit her head on the dash and was injured, but hospitalization was not required. The airbags did not deploy during this collision. In May of 2009, Ms. Teicher's vehicle again shut off while she was driving to work on I-84 in Connecticut just before Exit 64. She was able to bring the vehicle to a stop and re-start the vehicle again. On June 25, 2014, she had her ignition switch replaced by Carter Chevrolet,

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 38 of 337

located in Manchester, Connecticut, in connection with the recalls GM initiated in response to the ignition switch defects. Ms. Teicher would not have purchased the vehicle had she known of the defects.

Steven Diana—Florida: Plaintiff and proposed Nationwide and Florida State Class Representative Steven Diana is a resident and citizen of Sebastian, Florida. Mr. Diana purchased a used 2002 Chevrolet Impala in July 2007 from Champion Motors in Mansfield, Connecticut, for $12,500. Mr. Diana did not purchase an extended warranty and does not believe his vehicle is currently covered by any written warranties. Mr. Diana expressly recalls seeing advertisements on television and in the newspaper about the 2002 Chevrolet Impala, including advertisements touting its safety. He considered and was influenced by the advertisements emphasizing the safety of the vehicle when making his purchase. Mr. Diana believed his vehicle was safe and defect-free when he purchased it. Mr. Diana's vehicle spontaneously shut off in January 2009, July 2012, and August 2012. On each occasion Mr. Diana was driving on or around I-95 near his home in Sebastian, Florida, and the road was bumpy. On each occasion, Mr. Diana had to put the vehicle in neutral to get it to restart. Mr. Diana would not have purchased the vehicle had he known of the defects.

Maria E. Santiago—Florida: Plaintiff and proposed Nationwide and Florida State Class Representative Maria Santiago is a resident and citizen of Cutler Bay, Florida. Ms. Santiago purchased a new 2007 Saturn Ion Coupe in late 2006 at a Saturn Dealership at Dadeland South in Miami, Florida, for approximately $20,000. Ms. Santiago also purchased an extended warranty for the vehicle that is still active. Ms. Santiago purchased her Ion because she understood and believed that GM vehicles were durable and reliable. Sometime in 2009, as Ms. Santiago was leaving a friend's house and driving onto an expressway ramp, her Ion turned suddenly turned off. Since Ms. Santiago had just entered the expressway ramp and was driving at only 25 miles per hour, she was able to pull her vehicle over to the side of the ramp. She soon noticed the ignition key was in the off position, for no apparent reason. Ms. Santiago was able to restart the car and continue driving. Plaintiff Santiago would not have purchased her Ion had she known of the car's ignition switch defect.

Clifford Turner—Georgia: Plaintiff and proposed Nationwide and Georgia State Class Representative Clifford Turner is a resident and citizen of Palmetto, Georgia. He purchased a used 2004 Saturn Ion in September 2005 in Marietta, Georgia, for $15,000. Mr. Turner purchased a standard three-year warranty on his vehicle. Mr. Turner experienced safety issues while driving his vehicle, including periodic shut-offs, usually when driving the interstate, and the key falling out of the ignition on occasion while driving. Mr. Turner stopped driving his vehicle as soon as he learned about the safety recall. In April 2014, he brought his vehicle to the dealership to have his ignition switch replaced, but the repair did not occur until late June/early July. During that time, Mr. Turner incurred considerable additional fuel costs because the rental vehicle he was given consumed more fuel than his Saturn had. In August 2014, Mr. Turner traded in his Saturn Ion. He believes he received less in trade in value as a result of the GM recalls, but he no longer wanted to own the Saturn. When he traded in his vehicle, the dealership informed him that it would have to sell the Saturns at wholesale because of the safety recalls. Knowing what he now knows about the safety defects in the Saturn Ion, Mr. Turner would not have purchased the vehicle.

Jennifer Gearin—Georgia: Plaintiff and proposed Nationwide and Georgia State Class Representative Jennifer Gearin is a resident and citizen of Clermont, Georgia. Ms. Gearin purchased a new 2006 Chevrolet Cobalt in 2006 in Gainesville, Georgia, for

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 50 of 337

$18,499.52. Her Cobalt was covered under the manufacturer's warranty when she purchased it. Ms. Gearin has owned GM products before and she and her family were loyal customers. Ms. Gearin was advised at the dealership that the Cobalt was most dependable car for the lowest price. Although Ms. Gearin has not experienced her vehicle shutting down while driving, she is very afraid for her safety as a result of the ignition switch defects and she must drive a long distance to work on a daily basis. Ms. Gearin did not learn about the ignition switch defects until March 2014. She had the recall repair work completed this summer and was provided a loaner vehicle. She would not have purchased this car if GM had been honest about the safety defects.

Winifred Mattos—Hawaii: Plaintiff and proposed Nationwide and Hawaii State Class Representative Winifred Mattos is a resident and citizen of Honolulu, Hawaii. Ms. Mattos purchased a new Pontiac G5 in April 2007 in Culver City, California, for $20,000. She also had a three-year warranty on her vehicle. When she first learned about the recall, Ms. Mattos stopped driving her vehicle on highways or long distances and then decided it was unsafe to drive any distance at all. She requested and obtained a rental vehicle while awaiting replacement of her ignition switch pursuant to the recall. Her vehicle's ignition switch was replaced in April 2014. Ms. Mattos is still concerned about driving her vehicle. She would like to sell it, but she doubts she will be able to sell it and, even if she could, she doubts she would receive what she would have received before the recall. She would need full, pre-recall notice value for her vehicle in order to purchase another vehicle. Knowing what she now knows about the safety defects in many GM-manufactured vehicles, she would not have purchased her vehicle.

Dennis Walther—Hawaii: Plaintiff and proposed Nationwide and Hawaii State Class Representative Dennis Walther is a resident and citizen of Honolulu, Hawaii. Mr. Walther purchased a new 2006 Saturn Ion in 2006 in Hawaii for approximately $16,400. His car had a three-year warranty when he purchased it. The vehicle's ignition switch has been replaced under the recall. He bought the car because he trusted GM. If Mr. Walther had known about the Ion's defects, he would never have purchased it. He will never purchase another GM product.

Donna Harris—Illinois: Plaintiff and proposed Nationwide and Illinois State Class Representative Donna Harris is a resident and citizen of Herrin, Illinois. Ms. Harris purchased a used 2006 Chevrolet Cobalt in Herrin, Illinois, in 2007 for approximately $13,000. She purchased the vehicle with a standard three-year manufacturer's warranty. Ms. Harris bought the vehicle because her father was a "GM person" and she believed the vehicle was safe and reliable. Safety is the feature Ms. Harris finds most important feature in a vehicle. Ms. Harris started experiencing shutdowns in her Cobalt in 2009. The first time she was backing out of parking lot and the vehicle shutdown; as a result, she collided with a parked truck. In another incident, the vehicle stalled while Ms. Harris was backing out of a hospital parking lot space and she hit a cement barrier. The second shutdown cost Ms. Harris $1,700 in repairs. She also has experienced problems with her vehicle not locking. She has had her ignition switch replaced, but she still experiences problems turning the key in the ignition. Ms. Harris no longer feels safe driving her car, but she has no other means of transportation. Had she known about the problems with her GM vehicle, she would not have purchased the car, and she will never again purchase a GM vehicle.

Heather Holleman—Indiana: Plaintiff and proposed Nationwide and Indiana State Class Representative Heather Holleman is a resident and citizen of South Bend, Indiana. Ms. Holleman purchased a new 2007 Pontiac G5 in May 2007 from Don Meadows in South Bend, Indiana, for $17,500. Ms. Holleman has experienced numerous issues with the ignition of her Pontiac G5. The GM dealership where she purchased her vehicle has told her that the parts to fix the vehicle are unavailable, and she should simply "be careful." Ms. Holleman would not have purchased the vehicle had she known of the defects.

James Dooley—Iowa: Plaintiff and proposed Nationwide and Iowa State Class Representative James Dooley is a resident and citizen of Waterloo, Iowa. Mr. Dooley purchased a new 2006 Pontiac Solstice from Dan Deery Chevrolet in Cedar Falls, Iowa, in June 2006 for $28,000. Mr. Dooley purchased an extended seven-year warranty on the vehicle. Mr. Dooley did not experience a power failure during normal operation of his vehicle, but he stopped driving his vehicle in March 2014 when he learned about the safety recall because he was afraid for his safety. Because Mr. Dooley was unaware that GM was offering loaner vehicles to individuals afraid to drive their defective vehicles, he did not drive the vehicle again until August 2014 when the ignition switch was replaced. Knowing what he now knows about the safety defects in many GM-manufactured vehicles, he believes GM mislead him about the Solstice's safety and he would not have purchased the vehicle had he known the truth.

Philip Zivnuska, D.D.S.—Kansas: Plaintiff and proposed Nationwide and Kansas State Class Representative Philip Zivnuska, D.D.S., is a resident and citizen of Valley Center, Kansas. Mr. Zivnuska purchased a new 2006 Chevrolet Cobalt from Conklin Cars dealership in Newton, Kansas, in 2006 for approximately $25,000. His vehicle was covered by

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/13/15 Page 53 of 287

Chevrolet's standard new car warranty at the time it was purchased. Throughout the course of his ownership of the Cobalt, Dr. Zivnuska and his family members experienced numerous issues consistent with the ignition switch defect, including frequent total power failure and loss of power steering, and an accident. Dr. Zivnuska brought the Cobalt into Conklin Cars dealership multiple times to address the issues, and became so concerned that he eventually filed a complaint with NHTSA in 2007 to document the problems he was experiencing. He never received information from GM following this complaint, although he was lead to understand GM obtained information about his car, which was subsequently totaled in a later accident. Dr. Zivnuska is appalled by the number of people who have also experienced ignition switch issues and is very upset that GM has not been forthcoming to vehicle owners, mechanics, and dealerships. Dr. Zivnuska reviewed internet websites before purchasing his car, particularly because good handling was important to him. Had he known of the problems with his GM car, he would not have purchased it.

Dawn Talbot—Kentucky: Plaintiff and proposed Nationwide and Kentucky State Class Representative Dawn Talbot is a resident and citizen of Glasgow, Kentucky. Ms. Talbot purchased a used 2006 Chevrolet Cobalt in May 2009 from Goodman Automotive in Glasgow, Kentucky. Ms. Talbot's vehicle has regularly lost power during driving. She would not have purchased the vehicle had she known of the defects.

Jennifer Crowder—Louisiana: Plaintiff and proposed Nationwide and Louisiana State Class Representative Jennifer Crowder is a resident and citizen of Shreveport, Louisiana. She purchased a used 2006 Chevrolet Cobalt in 2008 in Shreveport, Louisiana, for $14,000. Her car was not under warranty at the time of purchase. Ms. Crowder experienced many instances of stalling in her Cobalt. Her vehicle stalled on many occasions while driving to

Case 1:14-md-02543-JMF Document 1579-1 Filed 12/03/15 Page 54 of 357

work. She was late to work so often due to the stalling that she was dismissed from her employment for arriving late to work. On another occasion, Ms. Crowder's vehicle shut off in the middle of the road while she was making a turn. She was fortunately able to start the vehicle on the second try and avoided an accident. Knowing what she now knows about the safety defects in many GM-manufactured vehicles, and the Cobalt in particular, she would not have purchased the vehicle nor even visited the dealership to look at the Cobalt.

Alysha Peabody—Maine: Plaintiff and proposed Nationwide and Maine State Class Representative Alysha Peabody is a resident and citizen of Kenduskeag, Maine. Ms. Peabody purchased a used 2005 Chevrolet Cobalt in 2006 in Maine for $14,000. Her car was under warranty at the time of purchase. Although she did not have ignition switch issues before the recall, since having the repair done her vehicle does not always start on the first try. She has tried to sell her car on Craigslist since news of the ignition switch defect went public, but has not received a single inquiry about the vehicle. Ms. Peabody would have never purchased a GM vehicle if she had known about the defects.

Robert Wyman—Maryland: Plaintiff and proposed Nationwide and Maryland State Class Representative Robert Wyman is a resident and citizen of Baltimore, Maryland. Mr. Wyman purchased a new 2007 Saturn Sky from the Owings Mills, Maryland, Heritage Group in 2007 for $32,000. His vehicle came with a three-year warranty. Although he has not experienced an inadvertent power failure while driving his vehicle, on multiple occasions Mr. Wyman had difficulty removing and/or inserting his ignition key into the ignition cylinder or starting his vehicle. Mr. Wyman's vehicle had the recall repair done on May 31, 2014. Had he known that the Saturn Sky contained a defective ignition switch, Mr. Wyman would not have

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/14/15 Page 45 of 287

purchased the vehicle because it is a "death car," and he worries what might have happened had he "hit a bump a certain way."

George Mathis—Maryland: Plaintiff and proposed Nationwide and Maryland State Class Representative George Mathis is a resident and citizen of Parkville, Maryland. Mr. Mathis purchased a new 2007 Chevrolet Cobalt on April 1, 2007, in York, Pennsylvania, for $12,000. The vehicle was covered under warranty when he purchased it. Mr. Mathis has experienced his ignition shutting down while driving on three separate occasions, with one instance resulting in a minor accident, and the other two nearly resulting in an accident. Mr. Mathis did not learn about the ignition switch defects until March 2014. In August 2014, he took his Cobalt to the dealership in his area to have the recall work performed. Mr. Mathis would not have purchased this car, or would have paid less than he did, if GM had been honest about the safety defects.

Mary Dias—Massachusetts: Plaintiff and proposed Nationwide and Massachusetts State Class Representative Mary Dias is a resident and citizen of Taunton, Massachusetts. Ms. Dias purchased a used 2007 Chevrolet HHR on February 28, 2008, in Woonsocket, Rhode Island, for approximately $13,000. The vehicle was under warranty when she purchased it. Because of the ignition switch defects, Ms. Dias is very concerned for her safety every time she drives her vehicle. Ms. Dias did not learn of the ignition switch defects until March 2014. When she inquired about her safety, GM told her that her vehicle had not been recalled and not to worry. On April 11, 2014, after receiving notice that her HHR was in fact recalled, Ms. Diaz took her HHR in for the recall repair work and was provided a loaner vehicle. She would not have purchased this vehicle if she had known of the safety defects.

Colin Elliott—Massachusetts: Plaintiff and proposed Nationwide and Massachusetts State Class Representative Colin Elliott is a resident and citizen of Buzzards Bay, Massachusetts. Mr. Elliot purchased a new 2008 Saturn Sky in Hyannis, Massachusetts, in July of 2007 for $23,000. His vehicle was covered by a standard 100,000-mile warranty at the time of purchase. At the time of purchase, Mr. Elliott was choosing between a Saturn Sky and Pontiac Solstice. To avoid defects that he believed plagued early production models, however, Mr. Elliott waited two years before ordering his Saturn in the hopes that any early production defects would be discovered and fixed. Although he has not experienced an inadvertent power failure while operating the vehicle, Mr. Elliott has not driven his Sky since learning of the recall several months ago. He has contacted his dealership to inquire about the timing of repairs, but his dealership has indicated that it does not have parts available. Because he will no longer drive his Sky, Mr. Elliott and his wife have been sharing her Kia since March. This has caused significant inconvenience, as they drive each other to work and are dependent on one another's schedule.

Diana Cnossen—Michigan: Plaintiff and proposed Nationwide and Michigan State Class Representative Diana Cnossen is a resident and citizen of Grand Rapids, Michigan. Ms. Cnossen purchased a new 2007 Saturn Ion on November 27, 2006, in Michigan for $18,250. Her vehicle was covered under warranty when she purchased it. She purchased the vehicle because she was attracted to its compact size when she viewed it in the showroom. Ms. Cnossen did not experience a power failure during normal operation of her vehicle, though she often experienced difficulty turning the steering wheel. Ms. Cnossen's ignition switch was replaced under the recall on June 4, 2014. While she awaited a replacement part, Ms. Cnossen continued to use her vehicle because she was not aware that GM had offered to provide loaner vehicles to those too afraid to continue operating their defective vehicles. Ms. Cnossen did not learn of the ignition switch defect until it was announced in March of 2014, and she would not have purchased her Saturn Ion had she known it continued a defective ignition switch. Ms. Cnossen will "never buy another car from GM."

David Cleland—Minnesota: Plaintiff and proposed Nationwide and Minnesota Class Representative David Cleland is a resident and citizen of Northfield, Minnesota. He purchased a used 2004 Saturn Ion in 2005 in Northfield, Minnesota, for $10,000. Mr. Cleland's Saturn Ion was covered under the standard manufacturer's warranty at the time he purchased it. Mr. Cleland read GM promotional material about the vehicle's safety and reliability, including the vehicle's airbags, prior to purchasing the vehicle. This spring, after the recall announcement, Mr. Cleland's children had a frontal collision while driving his vehicle. The airbags did not deploy, even though they should have under the circumstances of the collision. Knowing what he now knows about the safety defects in many GM-manufactured vehicles, and particularly his Saturn Ion, Mr. Cleland would not have paid the amount of money he paid, or even purchased, the vehicle.

Frances Howard—Mississippi: Plaintiff and proposed Nationwide and Mississippi State Class Representative Frances Howard is a resident and citizen of Jackson, Mississippi. Ms. Howard leased and then purchased a new 2006 Saturn Ion in April 2006 at a Saturn dealership in Jackson, Mississippi, for approximately $11,000. The vehicle was covered by a warranty at the time of purchase. She recalls seeing television ads touting the Saturn brand as outstanding with dependable vehicles and high-rated customer service. In 2009, Ms. Howard's key got stuck in the ignition and she could not turn the vehicle off. She drove it to the dealership and they replaced the ignition switch on September 8, 2009, at Ms. Howard's expense. One week later the key got stuck in the ignition again. This time the GM dealership told her it was because her car's battery was dead. Their service was unhelpful and contradictory. Ms. Howard's car has also inadvertently shutdown on two occasions. The first time happened approximately four months ago when she accidentally bumped the key while it was in the ignition. The second time, on September 2, 2014, it shut off while she was at a red light. Both times the car restarted after she turned the key off and then on again. Ms. Howard was never contacted about the ignition switch recall, and only found out about it by reading news on the internet. After contacting her GM dealership about the repairs, it took eight weeks for the parts to come in. She also asked for a loaner vehicle, but they declined, telling her there were none available and it would be only two weeks until the parts arrived. Ms. Howard would have never purchased this vehicle if she had known about these defects

Michelle Washington—Missouri: Plaintiff and proposed Nationwide and Missouri State Class Representative Michelle Washington is a resident and citizen of Florissant, Missouri. Ms. Washington purchased a new 2008 Chevrolet Impala in July 2007 at a GM dealership in Missouri for approximately $27,000. She also purchased a new 2014 Chevrolet Impala on May 9, 2014, at a GM dealership for approximately $37,000. The 2008 Impala was covered under warranty at the time of sale and she also purchased an extended warranty. The 2014 Impala is currently covered under warranty. In purchasing the 2008 Impala, Ms. Washington was convinced of the safety and reliability of her GM product based upon their warranties and representations. The ignition switch defect manifested in her 2008 Impala on approximately four separate occasions. In one instance the car shutdown on the highway and she had to pull to the side of the road and restart it. Before purchasing her new 2014 Impala, Washington took her 2008 Impala to two different GM dealerships to get an estimated trade-in value. At the first GM dealership, during their test drive of her 2008 Impala, the vehicle ignition switch defect manifested and the car shutdown. The dealership informed her that they would have to dock her money on the trade-in amount being offered because of the problem. Based upon the vehicle shutting down during the examination, the dealership offered her a quote of $1,500 for a trade-in amount. Just days later, she took it to another GM dealership who gave her $2,900 for a trade-in amount. Ms. Washington received the ignition switch recall notice on her 2008 Impala after she had already traded it in for the 2014 Impala. Her 2014 Impala has not yet been repaired under the recall. Ms. Washington is adamant that had she known of the defects, she would have never considered the 2008 Impala or, later, the 2014 Impala when she was looking to trade-in her vehicle.

Patrice Witherspoon—Missouri: Plaintiff and proposed Nationwide and Missouri State Class Representative Patrice Witherspoon is a resident and citizen of Lee's Summit, Missouri. Ms. Witherspoon purchased a new 2006 Saturn Ion in 2005 from a Missouri vehicle dealer for approximately $16,828. Ms. Witherspoon reviewed GM's webpage and other internet websites discussing the Saturn Ion prior to her purchases and believed that the vehicle was safe and reliable based on her review. Ms. Witherspoon believed her vehicle was safe and defect-free when she purchased it. Ms. Witherspoon's 2006 Saturn Ion spontaneously shut off on at least five occasions while driving the vehicle. On one such occasion, she was on the highway, but was able to avoid an accident by pulling over to the shoulder. On another occasion, her vehicle shut off while on the exit ramp to a highway, but she was fortunately again able to avoid an accident. On each occasion, the vehicle gearshift was in "drive" or "reverse" and the ignition key was in the "run" position. Ms. Witherspoon had difficulty controlling and safely stopping the vehicle on these occasions. The value of Ms.

Witherspoon's vehicle is less than she bargained for when she purchased the vehicle and has diminished as a result of the defect.

Laurie Holzwarth—Montana: Plaintiff and proposed Nationwide and Minnesota Class Representative Laurie Holzwarth is a resident and citizen of Billings, Montana. Ms. Holzwarth purchased a used 2005 Chevrolet Cobalt in 2008 in Billings, Montana, for approximately $7,000. Her daughter Christine has experienced countless shutdowns in the vehicle. Christine is the primary driver of the vehicle and will not let anyone else drive it, because she is concerned about the number of shutdowns that she has experienced. They have occurred on highways, in the main street of her town, pulling into parking spaces, and everything in between. The worst incident that she can remember was a definite power failure. Ms. Holzwarth witnessed this event. They were driving on the highway in August of 2010 from Billings to Bozeman, where Christine would be attending college. At a point where they had to make a sharp turn, traveling at 75-80 miles per hour, the car just quit. Christine was able to get the car to a stop without hitting the concrete wall, cycle the key, and continue. They drove another 40 miles, and the car shut off twice more on the straightaway, and once more in the town. Christine had experienced both power steering failure and power failure incidences before this, but had not done much highway driving because she mainly drove to and from high school. The ignition switch was supposedly repaired as part of the ignition switch recall on July 29, 2014. But Ms. Holzwarth's daughter is still experiencing power failures in the car. Since the vehicle was repaired, Christine experienced two shutdowns and/or power steering failures on September 3, 2014, and September 8, 2014. Ms. Holzwarth and her daughter would like to get rid of the car, but they are not financially capable of doing so—Christine is working full time to pay off her college loans and needs a vehicle to get to

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 51 of 387

work. Furthermore, they do not believe that they could sell this vehicle to anyone else in good conscience. Even if they were to say that the car was repaired, they do not believe it is true, and they don't want to put anyone else at risk in the car. Ms. Holzwarth would not have purchased this vehicle if she had known about its serious and dangerous defects.

Michael Amezquita—New Jersey: Plaintiff and proposed Nationwide and New Jersey State Class Representative Michael Amezquita is a resident and citizen of Hamilton, New Jersey. Mr. Amezquita purchased a new 2006 Chevrolet Cobalt on June 30, 2006, in East Windsor, New Jersey, for $14,000. At the time he purchased the vehicle it was covered under warranty, but the warranty has since expired. Mr. Amezquita did not learn of the ignition switch defects until March 2014. His car was not repaired under the recall until April 23, 2014. Mr. Amezquita had to demand a loaner vehicle before GM would agree to provide one. He used the loaner vehicle for approximately seven weeks, from March 19, 2014, to April 23, 2014, while he waited for the repair parts to arrive. Mr. Amezquita would not have purchased this vehicle if he had known about these defects.

Anthony Juraitis—New Jersey: Plaintiff and proposed Nationwide and New Jersey State Representative Anthony Juraitis is a resident and citizen of Freehold, New Jersey. He purchased a new 2004 Saturn Ion in or around the winter of 2003. Mr. Juraitis purchased the vehicle with a standard warranty. Mr. Juraitis was considering other vehicles as well, but he decided on the Ion in part because he believed the vehicle to be safe and reliable. Mr. Juraitis experienced several shutdowns/stalls while driving his Ion. The first occurred on the highway, when his vehicle "locked" while driving. Other drivers stopped to help him push his vehicle to the side of the road, where after several attempts he was able to restart his vehicle. Mr. Juraitis took the vehicle to the dealership, which replaced the ignition switch and charged Mr. Juraitis

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 52 of 387

for parts and labor. Following this supposed repair, Mr. Juraitis continued to have stalls and shutdowns with his vehicle; he estimates approximately three dozen times with about eight or ten of them being in very dangerous situations. On July 31, 2014, the ignition switch was replaced again, this time pursuant to the recall. Following this replacement, Mr. Juraitis has continued to experience safety problems with the vehicle, including in early September 2014 when his vehicle shutdown again and he was unable to immediately restart the vehicle. Mr. Juraitis would like to sell or trade in his vehicle, but he does not want another person to experience the dangerous events he has experienced or have a vehicle with an obvious safety defect. Mr. Juraitis believes the vehicle is not worth anything if it means you have to gamble with your life to drive it. Knowing what he now knows about the safety defects in many GM-manufactured vehicles, he would not have purchased the vehicle and will never again purchase a General Motors vehicle.

Bernadette Romero—New Mexico: Plaintiff and proposed Nationwide and New Mexico State Class Representative Bernadette Romero is a resident and citizen of Santa Fe, New Mexico. Ms. Romero purchased a new 2007 Chevrolet Cobalt on July 3, 2007, at Casa Chevrolet in Albuquerque, New Mexico, for $14,645. Her car was covered by a warranty at the time of purchase. Her vehicle had the recall repair performed in May 2014, but she went without her vehicle for five weeks while it was repaired. She drove a loaner car during that time. Ms. Romero traded in her Cobalt for $5,500 on June 20, 2014. She would never have bought this vehicle had she known about the ignition switch defects.

Sandra Levine—New York: Plaintiff and proposed Nationwide and New York State Class Representative Sandra Levine is a resident and citizen of Babylon, New York. Ms. Levine purchased a used 2005 Chevrolet Cobalt on May 27, 2006, from Babylon Honda in

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/03/14 Page 53 of 337

Babylon, New York, for $16,627.96. Ms. Levine's vehicle was covered by a warranty that expired 90 days after her purchase. She does not recall any specific advertising that influenced her decision to buy the vehicle, but she had a general impression that GM was a quality brand and that the vehicle was safe and reliable. Plaintiff Levine believed her vehicle was safe and defect-free when she purchased it. Ms. Levine's vehicle spontaneously shut off on two occasions. Although she does not recall precise dates, the shut-off incidents occurred in 2011 and 2012. The shut-off incidents both took place when she was driving on Deer Park Avenue in Suffolk County, New York. There was no apparent reason for the shutdown in either case. The road was not bumpy, and Ms. Levine does not believe her knee hit the ignition switch. In both instances, Ms. Levine was able to navigate the vehicle to the shoulder of the road. Ms. Levine's ignition switch was replaced on May 22, 2014, by Chevrolet of Huntington in connection with the recall GM initiated in response to the ignition switch defects. Ms. Levine would not have purchased the vehicle had she known of the defects.

Michael Rooney—New York: Plaintiff and proposed Nationwide and New York State Representative Michael Rooney is a resident and citizen of Ronkonkoma, New York. She purchased a used 2005 Chevrolet Cobalt in November 2006. Ms. Rooney purchased an extended warranty for the vehicle. She purchased the Cobalt after reading several advertisements about the Cobalt and other vehicles as well; she believed the Cobalt to be a safe and reliable vehicle to drive. Further, the dealership confirmed with Ms. Rooney that the Cobalt was a safe, reliable vehicle. Ms. Rooney experienced several shutdowns in her vehicle while driving. Upon learning about the safety recall on her vehicle, she stopped driving it. The dealership later informed her of her right to a loaner vehicle while awaiting replacement of her ignition switch, and she received a loaner vehicle soon thereafter. Her ignition switch was

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/13/15 Page 54 of 337

replaced in the summer of 2014. Following that replacement, her automatic starter no longer worked in her vehicle, which she had to have repaired. Knowing what she now knows about the safety defects in many GM-manufactured vehicles, she would not have purchased the vehicle.

William Ross—New York: Plaintiff and proposed Nationwide and New York State Class Representative William Ross is a resident and citizen of Bellmore, New York. Mr. Ross purchased a new 2005 Chevrolet Cobalt in 2005, in Hicksville, New York, for approximately $25,000. At the time of purchase, his vehicle was under the original manufacturer's warranty, and he did not purchase any additional warranties. Mr. Ross does not recall when the warranty expired or its terms. Mr. Ross recalls at least one incident where the car became hard to steer. He took it to a repair shop thinking added power steering fluid would fix the problem, but the repair shop told him the vehicle did not need power steering fluid. On June 23, 2012, Mr. Ross was driving his Cobalt in Nassau County, New York, at approximately 55 miles per hour when the ignition was inadvertently switched into the accessory position, causing the engine to lose power. The car's power steering, power braking, and airbag systems were disabled. Mr. Ross lost control and the car crashed into a divider lined with rubber pylons. The airbag did not deploy. Mr. Ross suffered cuts and a separation of the muscle from his tendon in his arm. It could not be surgically repaired by the time he was able to go to the VA hospital. This accident cost Mr. Ross $6,279.97 in car repairs. On March 30, 2014, Mr. Ross was again driving his Chevrolet Cobalt in Nassau County, New York, at approximately 55 miles per hour when the ignition again suddenly switched into the accessory position, causing the vehicle to lose power to the engine. Again the power steering, power braking system, and airbags were disabled. Mr. Ross lost control of the car and it hit a divider, knocking the rear wheels out of alignment. This accident cost Mr. Ross approximately $175 in repairs. In both accidents, the road was not bumpy and Mr. Ross does not recall hitting anything with his knee to cause the key to turn. When Mr. Ross learned of the recalls he called his GM dealership to see if his vehicle was involved in the recall. GM told him it was not. Then in early March 2014, he received a recall notice. When he called about getting the recall repairs done he was told the parts to repair it were not available. Mr. Ross stopped driving the vehicle and, in April 2014, he sold it to a junkyard to scrap for approximately $4,000. He is a retired, disabled veteran. Since selling the Cobalt he now relies on veterans' transportation to go to his medical appointments and walks everywhere else. Mr. Ross would not have bought the car if he had known beforehand about the ignition switch defect.

Donald Cameron—North Carolina: Plaintiff and proposed Nationwide and North Carolina State Class Representative Donald Cameron is a resident and citizen of Durham, North Carolina. He purchased a new 2006 Saturn Ion in 2006 in Durham, North Carolina, for $14,000. Mr. Cameron purchased the vehicle with a five-year, 120,000-mile warranty. On several occasions, Mr. Cameron's vehicle shutdown while he was driving. Knowing what he now knows about the safety defects in many GM-manufactured vehicles, and in the Ion specifically, he would not have purchased the vehicle or, at a minimum, would not have been willing to pay the amount of money he paid for the car.

Leland Tilson—North Carolina: Plaintiff and proposed Nationwide and North Carolina State Representative Leland Tilson is a resident and citizen of Gastonia, North Carolina. He purchased a new 2009 Chevrolet Cobalt in February 2009. Mr. Tilson has a five-year/100,000-mile warranty on the vehicle. Mr. Tilson experienced at least one shutdown in the vehicle, while driving on a highway at highway speed. It happened when the vehicle went

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/08/15 Page 56 of 387

over a break in the asphalt, and the vehicle shutdown. Mr. Tilson, with an 18-wheeler bearing down on him, was able to maneuver the vehicle to the side of the road to avoid an accident. During this power failure, the power steering also failed. Mr. Tilson has had his ignition replaced twice. The first time was in June 2013, not pursuant to the recall, because he was unable to shut off his vehicle. The second time was in July 2014 pursuant to the recall. Knowing what he now knows about the safety defects in many GM-manufactured vehicles, he would not have purchased a vehicle with a safety defect.

Jayn Roush—Ohio: Plaintiff and proposed Nationwide and Ohio State Class Representative Jayn Roush is a resident and citizen of Worthington, Ohio. Ms. Roush purchased a used 2005 Saturn Ion on May 5, 2008, from Saturn West in Hilliard, Ohio, for $14,984.59. Ms. Roush's vehicle was covered by a standard warranty that expired on August 3, 2008. Ms. Roush purchased an extended warranty, but this warranty only covers the vehicle's powertrain. She recalls advertisements for the Saturn running frequently around the time of her purchase. She had a general impression that GM was a quality brand and that Saturn vehicles were safe and reliable. Ms. Roush believed her vehicle was safe and defect-free when she purchased it. Ms. Roush's vehicle has spontaneously lost power with some regularity. She recalls a number of discrete incidents. Her vehicle suddenly lost power three different times on November 25, 2010, when she was driving in and around Columbus, Ohio. The vehicle also experienced several power-loss incidents driving in and around Columbus, Ohio, in 2013. She was able to pull over and get the vehicle to the side of the road. The vehicle most recently shut off on Highway 315 S in Ohio on January 9, 2014. Each of Ms. Roush's incidents involved a sudden loss of power accompanied by a "TRAC OFF" light. Ms. Roush had her ignition switch replaced at an out-of-pocket cost of $187.50 on June 11, 2013,

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/14/15 Page 57 of 387

in an attempt to address the power-loss problems the vehicle was experiencing, but the replacement did not fix the problem. Indeed, the car experienced a loss of power again in January of 2014. Ms. Roush attempted to participate in GM's 2014 recall of the vehicle, initiated in response to the ignition switch defects, but her ignition switch was not replaced in connection with this recall because the parts have not been available. Ms. Roush would not have purchased the vehicle had she known of the defects.

Bonnie Taylor—Ohio: Plaintiff and proposed Nationwide and Ohio State Class Representative Bonnie Taylor is a resident and citizen of Laura, Ohio. Ms. Taylor purchased a new 2007 Chevrolet Cobalt on December 23, 2006, from Joe Johnson Chevrolet in Troy, Ohio, for $14,417.42. At the time Ms. Taylor purchased her new Cobalt she also purchased a warranty which expired in December 2011. This was Ms. Taylor's fourth time purchasing a vehicle from Joe Johnson Chevrolet and she trusted them to provide her with a safe and reliable vehicle. Ms. Taylor did not learn of the ignition switch defects until March 2014. She scheduled the recall work on her vehicle right away and was provided a loaner vehicle. The repair work was completed on April 21, 2014. Although Ms. Taylor has not experienced the ignition shutdown while driving her Cobalt, she believes the Cobalt has too many serious safety defects for her to ever feel safe driving it again. She also feels that the value of her vehicle is severely diminished as a result of the recall. She would not have purchased this vehicle if she had known of the safety defects.

Sharon Dorsey—Ohio: Plaintiff and proposed Nationwide and Ohio State Class Representative Sharon Dorsey is a resident and citizen of Dayton, Ohio. Ms. Dorsey purchased a used 2004 Chevrolet Malibu in June 2007 at Reichard dealership in Dayton, Ohio, for $12,040. At the time of purchase, Plaintiff Dorsey also secured an extended warranty which expired in 2011. Plaintiff Dorsey has experienced no less than four engine shut-offs while driving her vehicle. In one such instance, her Malibu stalled in the middle of heavy traffic with her five-year-old grandson in the vehicle. Upon returning the vehicle to Reichard on September 10, 2014, she was informed by a GM technician that he had, in fact, been able to duplicate the engine stall event she experienced. Ms. Dorsey's sister was a former GM employee and owned a Chevrolet Impala, which influenced Ms. Dorsey's desire to own a GM vehicle. However, if she had known of the defects plaguing her Chevrolet Malibu prior to purchasing the vehicle, she would not have purchased it. Ms. Dorsey relied upon the GM Malibu brand to be a safe and reliable vehicle. As a result of the vehicle defect and subsequent recalls, Ms. Dorsey has been unable to enjoy the use of her Chevrolet Malibu since June 2014, has been unable to work regularly, and has not been provided a loaner or rental vehicle while repairs are being made on her vehicle despite repeated requests. In addition, Ms. Dorsey continues to incur significant expense, inconvenience, and economic damage as a result.

Paulette Hand—Oklahoma: Plaintiff and proposed Nationwide and Oklahoma State Class Representative Paulette Hand is a resident and citizen of Blanchard, Oklahoma. She purchased a new 2006 Chevrolet HHR in 2006 from Frost Chevrolet, a dealership owned by her sister, in Hennessy, Oklahoma, for $24,625. She believed that GM made safe and reliable cars. Ms. Hand experienced multiple events in which her vehicle's steering locked up and the power failed. She would not have purchased or paid as much for the vehicle if she had known the truth about GM's commitment to safety and its concealment of the defects.

William Bernick—Oregon: Plaintiff and proposed Nationwide and Oregon State Class Representative William Bernick is a resident and citizen of Grants Pass, Oregon. Mr. Bernick purchased a used 2005 Chevrolet Cobalt on December 29, 2006, from a dealership in

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 59 of 287

Oregon for $10,750. He also purchased a vehicle service contract, and his warranty is continuing. During the time he has owned the vehicle, Mr. Bernick has experienced power outages and difficulties with the ignition, such as keys becoming stuck in the ignition, inability to shift gears, inability to start the ignition, and transmission default. Mr. Bernick is very concerned about the ignition defect and is disappointed in the way GM has handled the recalls. He wants to see GM held accountable for putting lives at risk for so long. Had Mr. Bernick known of the problems with his GM car, he would not have purchased it.

Shawn Doucette—Pennsylvania: Plaintiff and proposed Nationwide and Pennsylvania State Class Representative Shawn Doucette is a resident and citizen of Hamburg, Pennsylvania. Mr. Doucette purchased a new 2007 Chevrolet Cobalt SS in September 2007 from Outten Chevrolet of Hamburg in Hamburg, Pennsylvania, for $28,000. GM should have disclosed the ignition switch defects when Mr. Doucette purchased the vehicle. Mr. Doucette has experienced numerous shutdowns and power loss events while driving. He would not have purchased the vehicle had he known of the defects.

Shirley Gilbert—Pennsylvania: Plaintiff and proposed Nationwide and Pennsylvania State Class Representative Shirley Gilbert is a resident and citizen of Frackville, Pennsylvania. She purchased a new 2008 Chevrolet Cobalt in Pennsylvania in June 2008 for $16,000. Her vehicle was covered by a warranty when she purchased it. The warranty expired in June 2013. She purchased the car, in part, because the dealership highlighted the safety features, namely the car’s eight airbags. On two or three occasions she has experienced her vehicle shutting down immediately after it started. She would not have purchased her vehicle, or she would have paid less for it, had she known about its defects.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 50 of 287

Garrett Mancieri—Rhode Island: Plaintiff and proposed Nationwide and Rhode Island State Class Representative Garrett Mancieri is a resident and citizen of Woonsocket, Rhode Island. Mr. Mancieri purchased a new 2007 Pontiac G5 on November 24, 2006 in Woonsocket, Rhode Island, for $16,138. Mr. Mancieri received a safety recall notice pertaining to his vehicle in March 2014. He promptly requested that the dealership perform the recall repair, but was told that he would be put on a waiting list because the dealership was waiting on the parts from GM. The dealership did not provide Mr. Mancieri with a loaner car, so he had to continue driving the vehicle. The recall notice received by Mr. Mancieri did not inform him of the right to a loaner vehicle, nor did the GM dealership volunteer such information. His vehicle was not scheduled to be repaired until September 18, 2014. Mr. Mancieri believes he has been damaged by the diminution of value in his vehicle due to the ignition switch defect. Mr. Mancieri also believes he has been damaged in the amount of the reasonable value of the rental car he should have received from March 2014 through the time his vehicle is finally repaired by GM.

Annette Hopkins—South Carolina: Plaintiff and proposed Nationwide and South Carolina State Class Representative Annette Hopkins is a resident and citizen of Bishopville, South Carolina. Ms. Hopkins purchased a used 2003 Chevrolet Impala LS on December 31, 2004, at Newsome Automotive in Florence, South Carolina, for $12,749.32. Ms. Hopkins first learned of a recall affecting her vehicle when she received a recall notice in September 2014. Although she has not yet experienced any incidents of sudden power loss with her vehicle, now that she knows about the defects and the recalls, Ms. Belford asserts that she would never have purchased the Chevrolet Impala had she known about the defects and GM's indifference with regard to the safety and reliability of its vehicles.

Case 1:14-md-02543-JMF Document 1579-1 Filed 12/03/15 Page 91 of 837

Norma Lee Nelson—South Dakota: Plaintiff and proposed Nationwide and South Dakota State Class Representative Norma Lee Nelson is a resident and citizen of Huron, South Dakota. Ms. Nelson purchased a used 2007 Chevrolet Cobalt in September 2007 from a dealership in Watertown, South Dakota, for $14,000. Her vehicle came with a standard warranty at the time of purchase that expired in 2010. She has experienced numerous ignition problems with the vehicle, and at times it requires significant force to turn the steering wheel. Ms. Nelson has removed all of the keys from her keychain, but remains nervous about driving the car. Ms. Nelson has had difficulty starting the vehicle on numerous occasions. Had she known that the Cobalt contained a defective ignition switch, Ms. Nelson would not have purchased the vehicle.

Helen A. Brown—Tennessee: Plaintiff and proposed Nationwide and Tennessee State Class Representative Helen A. Brown is a resident and citizen of Franklin, Tennessee. She purchased a new 2006 Chevrolet Cobalt from a GM dealer, with an extended warranty, on February 1, 2006, for approximately $10,000. Ms. Brown's vehicle lost power at least three times, twice in 2007 and once in 2014. She does not trust her car and would not have purchased the vehicle or would have paid less if the truth had been disclosed about the quality and safety of GM vehicles.

Lisa William—Texas: Plaintiff and proposed Nationwide and Texas State Class Representative Lisa William is a resident and citizen of Amarillo, Texas. Ms. William purchased a new 2007 Saturn Ion in 2007 in Amarillo, Texas, for approximately $16,000. Her vehicle had a standard warranty, which she believes was for five years. Ms. William purchased a Saturn because she had owned one in the past and believed the brand to be one she could trust. She has experienced problems with her airbag light turning on unexpectedly and difficulty turning on her vehicle. These problems have caused her concern and she does not feel safe driving her vehicle. She is a college student and provides rides from time to time for certain students. She is now concerned about having other students or anyone else in her vehicle because of the safety defect. She also frequently drives out of town and is afraid of her vehicle shutting down. Ms. William had her ignition switch replaced on September 23, 2014. She wonders if she can trust the "repair." Had she known about the problems with her GM vehicle, she would not have purchased the car.

Blair Tomlinson, D.D.S.—Utah: Plaintiff and proposed Nationwide and Utah State Class Representative Blair Tomlinson, D.D.S., is a resident and citizen of Kaysville, Utah. Dr. Tomlinson purchased a new 2005 Chevrolet Cobalt from Murdock Chevrolet in Bountiful, Utah, in August 2005 for approximately $15,000. Throughout the course of his ownership of the Cobalt, Dr. Tomlinson and his family members have experienced various issues consistent with the ignition switch defect, including unexpected shutdowns. In one particular incident, Dr. Tomlinson's daughter was driving on the highway in Logan, Utah, when she accidentally bumped the ignition switch with her knee and the vehicle lost power. She was able to get the vehicle safely to the side of the road, but was terrified by the incident. After hearing about the recall in the news in March 2014, Dr. Tomlinson attempted to reach GM, but he had great difficulty before eventually being informed he would receive a letter if his car was recalled. He also immediately took his Cobalt to Young Chevrolet in Layton, Utah, to address the issue. However, the dealership informed him they did not have the recall parts available to fix the defect. Mr. Tomlinson continues to be concerned about the defects in his Cobalt and the safety of his family. Had he known of the problems with his GM car, he would not have purchased it or would have paid less.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 53 of 237

Erinn Salinas—Virginia: Plaintiff and proposed Nationwide and Virginia State Representative Erinn Salinas is a resident and citizen of Virginia Beach, Virginia. She purchased a new 2008 Chevrolet Cobalt in April 2008. The vehicle was purchased with the standard manufacturer's warranty. Ms. Salinas purchased her vehicle after seeing television advertisements about the vehicle and also about a GM rebate. The salesperson at the dealership also told Ms. Salinas that the Cobalt was a very safe vehicle. Ms. Salinas experienced at least one shutdown while driving the vehicle. She was able to steer the vehicle to the side of the road and then to turn it back on. Once she learned about the safety recall in March or April of 2014, she stopped driving her vehicle because she believed it was not safe to drive. She was not given a rental vehicle to use and had to depend on her sister or father for transportation. On July 18, 2014, the ignition switch was replaced in her vehicle pursuant to the recall. Knowing what she now knows about the safety defects in many GM-manufactured vehicles, she would not have purchased the vehicle.

Stephanie Renee Carden—West Virginia: Plaintiff and proposed Nationwide and West Virginia Class Representative Stephanie Renee Carden is a resident and citizen of Huntington, West Virginia. Ms. Carden purchased a new 2004 Saturn Ion 2 on July 22, 2004, at Saturn of Hurricane in Hurricane, West Virginia, for $22,181. Ms. Carden's vehicle came with the standard manufacturer's warranty. Ms. Carden has experienced manifestation of the defect on more than one occasion. She has twice experienced loss of power due to the ignition switch defect. Shortly after the second power-loss incident, Ms. Carden's vehicle had an issue where it would not restart, causing here to have to have the vehicle towed to a service station. If she had known what she now knows about the safety defects in many GM-manufactured vehicles, Ms. Carden would not have purchased the vehicle.

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/08/15 Page 54 of 387

Les Rouse—Wisconsin: Plaintiff and proposed Nationwide and Wisconsin Class Representative Les Rouse is a resident and citizen of LaCrosse, Wisconsin. Mr. Rouse purchased a new 2004 Saturn Ion 2 in October 2004 in LaCrosse, Wisconsin, for approximately $16,000. His car was covered under the manufacturer's standard warranty at the time of purchase, and Mr. Rouse also believes he purchased some kind of extended warranty. At the time of purchase, Mr. Rouse and his wife visited the dealer to learn more about the Ion. There, the dealership had Ions on display to demonstrate the safety and reliability of the vehicle. The safety and reliability of the Ion had a large impact on Mr. Rouse's decision to buy the car. Mr. Rouse experienced a loss of electrical power in his vehicle while driving and he is concerned about driving it due to the safety risks it poses. He also believes the value of his car has diminished as a result of the ignition switch defects. Mr. Rouse learned of the ignition switch defects in March 2014, but it took until May 2014 for the parts to arrive and to repair his car under the recall. Mr. Rouse would not have purchased his vehicle had he known about the ignition switch defects in his GM vehicle.

II. <u>Defendant</u>

Defendant General Motors LLC ("New GM") is a foreign limited liability company formed under the laws of Delaware with its principal place of business located at 300 Renaissance Center, Detroit, Michigan. The sole member and owner of General Motors LLC is General Motors Holding LLC. General Motors Holdings LLC is a Delaware limited liability company with its principal place of business in the State of Michigan. The sole member and owner of General Motors Holdings LLC is General Motors Company. General Motors Company is a Delaware Corporation, which has its principal place of business in the State of Michigan, and is a citizen of the States of Delaware and Michigan. New GM was incorporated in 2009 and, effective on July 10, 2009, acquired substantially all assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code.

Among the liabilities and obligations expressly assumed by New GM are the following:

> From and after the Closing, Purchaser [New GM] shall comply with the certification, reporting and recall requirements of the National Traffic and Motor Vehicle Act, the Transportation Recall Enhancement, Accountability and Documentation Act, the Clean Air Act, the California Health and Safety Code, and similar laws, in each case, to the extent applicable in respect of vehicles and vehicle parts manufactured or distributed by [Old GM].

New GM also expressly assumed:

> [A]ll Liabilities arising under express written warranties of [Old GM] that are specifically identified as warranties and delivered in connection with the sale of new, certified used or pre-owned vehicles or new or remanufactured motor vehicle parts and equipment (including service parts, accessories, engines and transmissions) manufactured or sold by [Old GM] or Purchaser prior to or after the Closing and (B) all obligations under Lemon Laws

Finally, New GM also expressly assumed "all Liabilities arising out of, relating to, in respect of, or in connection with the use, ownership or sale of the Purchased Assets after the closing." Those assets included all contracts of Old GM, including its contracts with dealers and service centers.

FACTUAL ALLEGATIONS

I. There Are Serious Safety Defects in Millions of Old GM Vehicles that New GM Has Continued to Conceal from Consumers.

97. So far, in 2014, New GM has announced over 60 recalls affecting over 27 million GM-branded vehicles from model years 1997-2014. These recalls include millions of vehicles originally made and sold by Old GM. The numbers of recalls and serious safety defects are unprecedented, and lead to only one conclusion: Old GM and New GM have been

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/08/15 Page 56 of 287

incapable of building safe, defect-free vehicles, and they have systematically refused to remedy (and instead have fraudulently concealed) defects once the vehicles were on the road.

98. The available evidence shows a common pattern: Old GM knew about an ever-growing list of serious safety defects in millions of its vehicles, but concealed those defects from consumers and regulators in order to cut costs, boost sales, and avoid the cost and publicity of recalls.

99. The company New GM inherited from Old GM in 2009 valued cost-cutting over safety, actively discouraged its personnel from taking a "hard line" on safety issues, avoided using "hot" words like "stall" that might attract the attention of NHTSA, and trained its employees to avoid the use of words such as "defect" or "problem" that might flag the existence of a safety issue. New GM affirmatively and independently continued and ratified these practices.

100. The Center for Auto Safety recently stated that it has identified 2,004 death and injury reports filed by New GM with federal regulators in connection with vehicles that have recently been recalled. Most or all of these deaths and injuries would have been avoided had Old GM complied with its TREAD Act obligations instead of concealing the truth.

101. The many defects concealed by Old GM affected key safety systems in its vehicles, including the ignition, power steering, and airbag systems.

102. The available evidence shows a consistent pattern: Old GM learned about a particular defect and, often at the prodding of regulatory authorities, "investigated" the defect and decided upon a "root cause." Old GM then took minimal action – such as issuing a carefully worded "Technical Service Bulletin" to its dealers, or even recalling a very small number of the vehicles with the defect. All the while, the true nature and scope of the defects

were kept under wraps, defective vehicles remained on the road, and Old GM enticed Class members to purchase its vehicles by touting their safety, quality, and reliability.

103. After July 11, 2009, New GM would continue this very same pattern of conduct and concealment, for over five more years.

A. <u>The Ignition Switch Defects</u>

104. The Defective Vehicles all contain substantially similar ignition switch and cylinders, with the key position of the lock module located low on the steering column, in close proximity to a driver's knee. The ignition switch systems on these vehicles are prone to fail during ordinary and foreseeable driving situations.

105. Specifically, the ignition switches can inadvertently move from the "run" to the "accessory" or "off" position at any time during normal and proper operation of the Defective Vehicles. The ignition switch is most likely to move when the vehicle is jarred or travels across a bumpy road; if the key chain is heavy; if a driver inadvertently touches the ignition key with his or her knee; or for a host of additional reasons. When the ignition switch fails, the vehicle suddenly and unexpectedly loses engine power, power steering, and power brakes, and certain safety features are disabled, including the vehicle's airbags. This leaves occupants vulnerable to crashes, serious injuries, and death.

106. The ignition switch systems at issue are defective in at least three major respects. First, the switches are weak; due to a faulty "detent plunger," the switch can inadvertently move from the "run" to the "accessory" position. Second, because the ignition switch is placed low on the steering column, the driver's knee can easily bump the key (or the hanging fob below the key) and cause the switch to inadvertently move from the "run" to the "accessory" or "off" position. Third, when the ignition switch moves from the "run" to the "accessory" or "off" position, the vehicle's power is disabled. This also immediately disables

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/13/15 Page 58 of 337

the airbags. Thus, when power is lost during ordinary operation of the vehicle, a driver is left without the protection of the airbag system even if he or she is traveling at high speeds.

107. Vehicles with defective ignition switches are therefore unreasonably prone to be involved in accidents, and those accidents are unreasonably likely to result in serious bodily harm or death to the drivers and passengers of the vehicles.

108. Indeed, New GM itself has acknowledged that the defective ignition switches pose an "increas[ed] risk of injury or fatality" and has linked the ignition defect to at least thirteen deaths and over fifty crashes in the vehicles subject to the February recall alone. Ken Feinberg, who was hired by New GM to settle wrongful death claims arising from the ignition switch defects, has already linked the defect to twenty-seven deaths, and has over 1300 death and injury claims still to review. The Center for Auto Safety studied collisions in just two vehicle makes, and linked the defect to over 300 accidents. There is every reason to believe that as more information is made public, these numbers will continue to grow.

109. Alarmingly, Old GM knew of the deadly ignition switch defects and their dangerous consequences from at least 2001, but concealed its knowledge from consumers and regulators. New GM did the same, and, incredibly, it was not until 2014 – more than a decade later – that the ignition switch recalls were first announced.

II. Old GM's Fraudulent Conduct with Respect to the 2.19 Million Defective Vehicles Subject to the February/March Recall.

A. Old GM Knew That There Were Failures With The Ignition Switch Design In 2001, And Concealed These Material Facts, Putting The Safety Of The Class At Serious Risk Of Harm.

110. Old GM knew that the ignition switches to be used in its vehicles were defective well before the vehicles were ever sold to the public. In the late 1990s and early 2000s, Old GM and one of its suppliers, Eaton Mechatronics, finalized the specifications for

the ignition switch for the Saturn Ion. Eaton Corporation sold its Vehicle Switch/Electronic Division to Delphi Automotive Systems ("Delphi") on March 31, 2001. Delphi went on to manufacture the defective ignition switch for Old GM.

111. In 2001, years *before* the vehicles were ever sold and available to customers, Old GM privately acknowledged in a pre-production report for the Saturn Ion that there were serious problems, including engineering test failures, with the ignition switch. During the pre-production development of the 2003 Saturn Ion, Old GM engineers learned that the ignition switch could inadvertently move from the "Run" position to the "Accessory" or "Off" position. In a section of an internal report titled "Root Cause Summary," Old GM engineers identified two "causes of failure" namely, "[l]ow contact force and low detent plunger force." The "detent" is part of the ignition switch's inner workings that keeps the switch from rotating from one setting to another unless the driver turns the key.

112. The Old GM Design Release Engineer assigned to the ignition switch was Ray DeGiorgio. DeGiorgio had worked at Old GM since 1991, and spent his career focused on vehicle switches. During early testing of the ignition switch, DeGiorgio noticed problems with the prototypes provided by Delphi. In September 2001, DeGiorgio corresponded with representatives of Koyo, the supplier of the Ion steering column into which Delphi's switch was installed. In his correspondence, DeGiorgio stated he learned that 10 of 12 prototype switches from Delphi "[f]ailed to meet engineering requirements," and the "failure is significant," adding that Old GM "must ensure this new design meets engineering requirements." This significant failure of the ignition switch design was not corrected by Old GM; moreover, it was suppressed and concealed by the failure to remedy and disclose.

B. Old GM Approved Production Of Ignition Switches In 2002 Despite Knowing That They Had Failed In Pre-Production Testing And Did Not Meet Old GM's Internal Design Specifications.

113. Old GM approved production of the ignition switches despite knowing that they did not meet Old GM's own engineering design specifications.

114. Validation testing conducted by Delphi in late 2001 and early 2002 revealed that the ignition switch consistently failed to meet the torque values in the internal specification. These tests, conducted on various dates in the fall of 2001, included a test to determine whether the torque required to rotate the switch from Run to Accessory complied with the specification. The January 2002 test report denoted the design failure by stating "Not OK" next to each result.

115. In February 2002, Delphi, Old GM's ignition switch supplier for the recalled vehicles, asked Old GM to approve production for the ignition switch and submitted a Production Part Approval Process ("PPAP") request. Even though testing of the ignition switch revealed that it did not meet the original specifications set by Old GM and that internal testing showed the switch would fail, Old GM approved it. The defective switch was put into Old GM vehicles unbeknownst to the Class.

C. Old GM Received Complaints And Reports On The Stalling Of Vehicles Due To The Defective Ignition Switch Turning Off And Causing Moving Stalls, And Concealed That Material Information From The Class.

116. In 2003, almost immediately after the first Old GM vehicles with the defective ignition switches were sold to the public, GM started receiving complaints regarding loss of power while driving with no Diagnostic Trouble Codes ("DTC") being recorded in 2003 Saturn Ions involving the same ignition switch and steering column. In 2003, an internal report documented an instance in which the service technician observed a stall while driving.

The service technician noted that the weight of several keys on the key ring had worn out the ignition switch. The ignition switch was replaced and the matter closed.

117. Old GM employees were also having problems with their own model year ("MY") 2003 and 2004 Ions that contained the switch. In a January 9, 2004 report received from Old GM employee, Gerald A. Young, concerning his MY 2003 Saturn Ion, he informed Old GM, "[t]he ignition switch is too low. All other keys and the key fob hit on the driver's right knee. The switch should be raised at least one inch toward the wiper stalk," characterizing it as "a basic design flaw [that] should be corrected if we want repeat sales."

118. In a February 19, 2004 report concerning his MY 2004 Saturn Ion, Old GM employee, Onassis Matthews, stated: "The location of the ignition key was in the general location where my knee would rest (I am 6' 3" tall, not many places to put my knee). On several occasions, I inadvertently turn [sic] the ignition key off with my knee while *driving down the road*. For a tall person, the location of the ignition key should be moved to a place that will not be inadvertently switched to the off position."

119. In an April 15, 2004 report concerning his MY 2004 Saturn Ion, Old GM employee, Raymond P. Smith, reported experiencing an inadvertent shut-off: "I thought that my knee had inadvertently turned the key to the off position."

120. Old GM concealed these and other similar manifestations of the defective ignition switch.

D. Old GM Engineers Understood The Need To Correct The Ignition Switch Defect In 2004 But Failed To Act To Disclose Or Correct The Defect.

121. In 2004, Old GM knew that the ignition switch posed a safety concern that needed to be fixed. For example, in October 2004, Old GM internally documented incidents in which Old GM engineers verified that the ignition switch was turned to the off position as a

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/04/15 Page 72 of 387

result of being grazed by the driver's knee. The cause of the problem was found to be the "low key cylinder torque/effort."

122. In 2004, Old GM was finalizing plans to begin production and sale of the Chevrolet Cobalt. The Chevrolet Cobalt was designed using the same ignition switch that was used in the Saturn Ion. As the Chevrolet Cobalt moved into production, it too—like its Saturn Ion predecessor— experienced inadvertent ignition switch shut-offs that resulted in moving stalls. Old GM already knew that when the ignition switch was inadvertently turned to off or accessory—by design—the airbags would not deploy. Instead of implementing a solution to the safety problem, the engineers debated partial solutions, short-term fixes, and cost.

123. Around the time of the Cobalt launch, more reports surfaced of moving stalls caused by a driver bumping the key fob or chain with his knee. At a 2004 press event associated with the launch of the Cobalt in Santa Barbara, California, a journalist informed Doug Parks, the Cobalt Chief Engineer, that while adjusting his seat in the Cobalt he was test driving, the journalist had inadvertently turned off the car by hitting his knee against the key fob or chain. Old GM's Doug Parks asked Gary Altman, the Program Engineering Manager, to follow up on the complaint by trying to replicate the incident and to determine a fix.

124. Old GM engineers independently encountered the ignition switch defect in early test drives of the Chevy Cobalt, before it went to market. The Old GM engineers pinpointed the problem of engine shut-off in the Cobalt and were "able to replicate this phenomenon during test drives." Despite this knowledge, Old GM told no one.

125. According to Old GM, its engineers "believed that low key cylinder torque effort was an issue and considered a number of potential solutions." But after considering the

cost and amount of time it would take to develop a fix, Old GM did not implement a fix, and the defective vehicles went to market.

126. As soon as the Chevrolet Cobalt hit the market in late 2004, Old GM immediately started getting similar complaints about sudden loss of power incidents, "including instances in which the key moved out of the 'run' position when a driver inadvertently contacted the key or steering column." Old GM engineers determined that the low torque in the ignition switch could cause the key to move from the "run" to the "accessory" or "off" position under ordinary driving conditions with normal key chains because "detent efforts on ignition switch are too low, allowing [the] key to be cycled to [the] off position inadvertently." Specifically, in February 2005, GM engineers concluded that "there are two main reasons that we believe can cause a lower effort in turning the key: a lower torque detent in the ignition switch … [and a] low position of the lock module [on] the [steering] column."

127. From the outset, Old GM employees, customers, and members of the automotive press found repeatedly that they would hit the key fob or keychain with their knee, and the car would turn off. As noted, Old GM received some of these reports before the Cobalt's launch, and others afterwards. Despite the many complaints describing the moving stalls and customers' safety concerns, Old GM covered up the defect and made safety assurances to the driving public, its customers, and the Class, upon which they reasonably relied. Old GM received reports from dealers documenting this problem and advised dealers to tell customers to modify their key chains. For example, in response to a customer complaint in December 2004, GM internally noted:

> <u>RECOMMENDATION/INSTRUCTIONS</u>:
>
> There is potential for the driver to inadvertently turn off the ignition due to low key ignition cylinder torque/effort. The concern

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/03/14 Page 59 of 237

> is more likely to occur if the driver is short and has a large heavy key chain.
>
> In the cases this condition was documented, the driver's knee would contact the key chain while the vehicle was to ruing the steering column was adjusted all the way down. This is more likely to happen to a person that is short as they will have the seat positioned closer to the steering column.
>
> In cases that fit this profile, question the customer thoroughly to determine if this may the cause. The customer should be advised of this potential and to take steps, such as removing unessential items from their key chain, to prevent it.

GM then closed the complaint file and kept this "potential" problem secret.

128. Old GM's Manager of Product Safety Communications publicly announced and reassured customers that there was no safety issue with Cobalt moving stalls: "When this happens, the Cobalt is still controllable. The engine can be restarted after shifting to neutral."

129. DeGiorgio learned about the Cobalt press event moving stall and was approached by an Old GM engineer who suggested that DeGiorgio could "beef up" the ignition switch and increase the torque.

130. On May 17, 2004, during a NHTSA visit to the GM Milford Proving Grounds, Old GM gave a presentation titled "Engine Stall & Loss of Assist Demonstration." At a June 3, 2004, meeting with NHTSA, GM represented to NHTSA that in assessing a given stall, it considered severity, incident rate, and warning to the driver. But drivers had no such warning, certainly not from Old GM. NHTSA told Old GM that where number of stalls were high, the factors should be considered, but did not immunize Old GM from a safety recall.

131. On November 22, 2004, engineers in Old GM's High Performance Vehicle Operations group wrote DeGiorgio and informed him that their group had repeatedly experienced a moving stall during a track test of the Cobalt SS (the high-performance version of the Cobalt) when the driver's knee "slightly graze[d]" the key fob. An Old GM engineer

forwarded this complaint to DeGiorgio, and explicitly asked DeGiorgio whether there was "a specification on the force/torque required to keep that switch in the RUN position." He also asked DeGiorgio: "If so, is the switch meeting that spec? If not, what are the options for implementing a stronger spring?"

E. <u>Old GM Closed Its First Internal Investigation With No Action Because Of Cost.</u>

132. Despite the serious safety problem posed by the ignition switch defect, Old GM took no action to correct the defect and instead covered it up. As set forth above, in the summer and fall of 2004, as the Chevrolet Cobalt moved into the production stage, engineers observed a number of moving stalls caused by the ignition switch defect.

133. On November 19, 2004, Old GM personnel opened an engineering inquiry known as a Problem Resolution Tracking System (PRTS) to address the complaint that the Cobalt could be "keyed off with knee while driving." At this time, PRTS issues were analyzed by a Current Production Improvement Team (CPIT). The CPIT that examined the Cobalt issue beginning in late 2004 included a cross-section of business people and engineers, including Parks, Old GM engineer Gary Altman and Lori Queen, Vehicle Line Executive for the Cobalt.

134. In early 2005, and as part of the PRTS, Parks sent an email with the subject, "Inadvertent Ign turn-off." In the email, Parks wrote, "For service, can we come up with a 'plug' to go into the key that centers the ring through the middle of the key and not the edge/slot? This appears to me to be the only real, quick solution."

135. After considering this and a number of other solutions (including changes to the key position and measures to increase the torque in the ignition switch), the CPIT examining the issue decided to do nothing. Indeed, by March 2005, the GM Cobalt Program

Case 1:14-md-02543-JMF Document 1579-1 Filed 01/04/16 Page 96 of 337

Engineering Manager ("PEM") issued a "directive" to close the 2004 PRTS "with no action."[5] According to Old GM's internal documents, the design change was refused because of time, i.e., because the "lead-time for all solutions is too long," and money, i.e., because the "tooling cost and piece price are too high…".[6]

136. The 2004 PRTS was closed because "none of the solutions represents an acceptable business case"—a standard phrase used by GM personnel for closing a PRTS without action because of cost.[7] In deciding to do nothing to correct the serious safety defect that existed in its vehicles, Old GM simply shrugged off the issue entirely. What is more, Old GM downplayed the severity of the safety threat, rating the specter of a moving stall (even at highway speeds) with a severity level of 3—on a scale of 1 (most severe) to 4 (least severe). Old GM did not explain what, if any, criteria exist for an "acceptable business case" or otherwise justify its decision to do nothing. David Trush, the DRE for the ignition cylinder, explained that to present an "acceptable business case," a solution should solve the issue, be cost effective, and have an acceptable lead time to implement the change.[8] But one of the very solutions proposed by Thrush—changing the key from a slot to a hole configuration—would have cost less than one dollar per vehicle.

137. Here, as elsewhere in the story of the ignition switch defect, the structure within Old GM was one in which no one was held responsible and no one took responsibility.[9]

---

[5] GMHEC000001735 (Nov. 19, 2004).
[6] GMHEC000001735.
[7] GMNA PRTS+ Closure Codes (Close w/out Action) (Effective Dec. 2007) [DOC ID GMCB-000000977300]. Valukas Report at 69, n. 271.
[8] Valukas Report at 69.
[9] Valukas Report at 71.

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/08/15 Page 97 of 837

F. Complaints Continued And Serious Accidents Came To Old GM's Attention In 2005, While NHTSA Began To Investigate Death Cases Involving Chevy Cobalts.

138. After the Cobalt program team closed the November 19, 2004, PRTS with no action taken, additional complaints of Cobalt stalls and inadvertent ignition switch shut-offs continued to come into GM's Brand Quality Group.[10]

139. In March 2005, Jack Weber, a GM engineer, reported that during "heel-toe downshifting" in a Cobalt SS with a manual transmission (a high-performance Cobalt model), his knee contacted the key fob and key ring, which caused "pulling on the key to move it to the 'Off' position."[11]

140. In May 2005, a customer demanded that Old GM repurchase his Cobalt. The complaint was that the ignition switch shut off during normal driving conditions with no apparent contact between the driver's knee and the key chain or fob.[12] Old GM Brand Quality Manager Steven Oakley forwarded this information internally at Old GM, stating that the ignition switch "goes to the off position too easily shutting the car off."[13] DeGiorgio was one of the Old GM personnel who received this e-mail chain, which effectively stated that the customer's car, as well as others at the dealership, had ignition switches with insufficient

---

[10] Valukas Report at 75.

[11] E-mail from Jonathan L. Weber, GM, to Rajiv Mehta, GM, et al. (March 9, 2005), at 22 (attached to FPR0793/2005/US) [DOC ID GMHEC000019677]. Valukas Report at 76, n. 303.

[12] E-mail from Steven Oakley, GM, to Arnaud Dessirieix, GM (May 2, 2005) [DOC ID 000077753011; GMNHTSA000337483). Valukas Report at 76, n. 308.

[13] E-mail from Steven Oakley, GM, to Arnaud Dessirieix, GM (May 2, 2005) [DOC ID 000077753011; GMNHTSA000337483]. Valukas Report at 76, n. 309.

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/08/15 Page 58 of 337

torque and cause the car to shut off while driving.[14] This e-mail specifically included a request to DeGiorgio for an ignition switch "at the high end of the tolerance spec."[15]

141. By May 2005, Old GM personnel thus had multiple reports of moving stalls and were receiving buyback requests for Cobalts following complaints that consumers made to dealers.[16]

142. The problem of moving stalls and the ignition switch turning off in Old GM vehicles continued throughout 2005, and was described both within Old GM and in the media. In May and June 2005, reviewers from two newspapers, including the New York Times, wrote articles detailing how they or a family member had inadvertently turned a Cobalt off with their knees.[17] On May 26, 2005, a writer for the Sunbury Daily Item in Pennsylvania reviewed the Cobalt and reported that "[u]nplanned engine shutdowns happened four times during a hard-driving test last week. . . . I never encountered anything like this in 37 years of driving and I hope I never do again." In furtherance of covering up a material safety hazard, one of Old GM's in-house vehicle safety lawyers e-mailed a colleague to marshal evidence for the press that the risk of moving stalls was "remote" and "inconsequential." He wrote that he did not want to be criticized for failing to "defend a brand new launch."[18]

[14] E-mail from Joseph Joshua, GM, to Joseph Manson, GM, Raymond DeGiorgio, GM, et al. (May 4, 2005) [DOC ID 000077753011; GMNHTSA000337483]. Valukas Report at 77, n. 312.
[15] E-mail from Joseph Joshua, GM, to Steven Oakley, GM, et al. (May 4, 2005) (noting "[w]e have asked the ign switch DRE for a switch at the high end of the tolerance spec") [DOC ID 000077753011; GMNHTSA000337483]. Valukas Report at 76-77, n. 310.
[16] J&B Interview of Steven Oakley, May 23, 2014. Valukas Report at 78, n. 315.
[17] Jeff Sabatini, "Making a Case for Ignitions That Don't Need Keys," *New York Times*, June 19, 2005; *see also* Christopher Jensen, "Salamis, Key Rings and GM's Ongoing Sense of Humor," *Plain Dealer (Cleveland)*, June 26, 2005.
[18] Valukas Report at 86.

143. In June 2005, a Senior Delphi Project Engineer stated in an "e-mail that the "Cobalt is blowing up in [GM's] face in regards to the car turning off with the driver's knee."[19]

144. An Old GM customer filed the following complaint about a 2005 Cobalt prone to moving stalls on June 29, 2005:

> Dear Customer Service:
>
> This is a safety/recall issue if ever there was one.… The problem is the ignition turn switch is poorly installed. Even with the slightest touch, the car will shut off while in motion. I don't have to list to you the safety problems that may happen, besides an accident or death, a car turning off while doing a high speed …[20]

145. In July 2005, a 2005 Chevrolet Cobalt crashed in Maryland, killing the teenage driver, Amber Rose.[21] Calspan Crash Data Research Center was assigned by the NHTSA Special Crash Investigation Program to conduct a Special Crash Investigation (or "SCI"), which found "that the frontal airbag system did not deploy" and the "[Sensing Diagnostic Module (or "SDM")] data indicated that the 'vehicle power mode status' was in 'Accessory.'"[22] The August 15, 2005, SCI report found that the vehicles' SDM data recorded the "vehicle power mode status" of the ignition switch had shifted from "run" to "accessory" just before the crash. NHTSA continued the SCI and Old GM failed to report the crash to

[19] Valukas Report at 88.
[20] Customer complaint (June 29, 2005) [DOC ID 000014669078; GMNHTSA000540683]. Valukas Report at 89, n. 379.
[21] Calspan Corp. Crash Data Research Ctr., Calspan On-site Air Bag Non-deployment Investigation Case No. CA05-049, Vehicle: 2005 Chevrolet Cobalt (July 2005) (the "2005 SCI Report").
[22] Calspan Corp. Crash Data Research Ctr., Calspan On-site Air Bag Non-deployment Investigation Case No. CA05-049, Vehicle: 2005 Chevrolet Cobalt (July 2005) (the "2005 SCI Report").

Case 1:14-md-02543-JMF Document 179-1 Filed 07/14/15 Page 90 of 387

NHTSA until the third quarter of 2005.[23] Upon information and belief, Old GM subsequently entered into a confidential settlement agreement with the victim's mother.

146. Inside Old GM, the defect was raised with the Product Investigations ("PI") unit. The PI unit was charged with solving significant engineering problems, including safety problems; it was the primary unit charged with investigating and resolving potential safety defects.[24] Old GM Product Investigations Manager Doug Wachtel assigned PI employee Elizabeth Kiihr to investigate the Cobalt ignition switch shut-off. Wachtel's team looked at early data from the field and found 14 incidents related to the ignition switch. The PI group also tried to recreate the problem themselves. Doug Wachtel and Gay Kent drove a Cobalt around Old GM's property in Warren, Michigan. Gay Kent had a long and heavy key chain, and was able to knock the ignition from Run to Accessory simply by moving her leg so that her jeans caused friction against the fob.[25] Wachtel also reproduced the stall in the Cobalt test drive by contact with the key chain.[26]

147. Notwithstanding the media reporting, the customer complaints, and its replication of moving stalls in the field, the PI team did not recommend a safety recall on vehicles with the ignition switch defect.[27] Old GM knew that a defect existed in its vehicles, but did nothing to disclose the truth or warn consumers or the Class, nor did Old GM correct the defect in vehicles that it had already sold, or in vehicles it continued to manufacture, sell, warrant, and represent as safe.

[23] Letter from Christina Morgan, Chief, Early Warning Division, Office of Defects Investigation to Gay P. Kent, Director, General Motors Corp. (Mar. 1, 2006) and Letter to Christina Morgan from Gay P. Kent, Director, Product Investigations (Apr. 6, 2006), (GMHEC 00198137-198210); (GMHEC00197893).
[24] Valukas Report at 86.
[25] TREAD Search Results (June 28, 2005) [DOC ID 000005586004; DOC ID 000005586005; DOC ID 000005586006]. Valukas Report at 86-87, n. 367.
[26] Valukas Report at 87.
[27] Valukas Report at 87.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 91 of 337

G. Old GM Engineers Proposed Design Modifications To The Ignition Switch In 2005 That Were Rejected By Old GM Management On The Basis Of Cost.

148. Old GM's knowledge of the serious safety problem grew, but still there was no disclosure. In February 2005, as part of the 2004 PRTS that avoided the word "stall," Old GM engineers met to analyze how to address the ignition switch defect.[28] Indeed, between February 2005 and December 2005, Old GM opened multiple PRTS inquiries regarding reports of power failure and/or engine shutdown in the affected vehicles.

149. Old GM engineers internally recognized that there was a need to do something in order to address the ignition switch defect. For example, Old GM engineers were directed to investigate a possible key slot change as "containment" of the defect, including development cost and time estimates.[29]

150. In May 2005, PRTS N182276 (the "2005 PRTS") was opened by Old GM to analyze the ignition switch in the 2005 Chevrolet Cobalt following continued customer complaints that the "vehicle ignition will turn off while driving."[30] Old GM acknowledged in the 2005 PRTS that it had previously been faced with the same issue in the 2004 PRTS and "[d]ue to the level of buyback activity that is developing in the field, Brand Quality requests that the issue be reopened."[31] In other words, customers were asking Old GM to take back the defective cars while Old GM said nothing to customers or the Class about the safety risks. Old GM continued to market and warrant the vehicles as safe. The 2005 PRTS proposed that Old

[28] GMHEC000001733 (Nov. 19, 2004).
[29] GMHEC000001734 (Nov. 19, 2004).
[30] 2005 PRTS, originated May 17, 2005, GMHEC000001742-54.
[31] GMHEC000001743.

GM re-design the key head from a "slotted" to a "hole" configuration. After initially approving the proposed fix, Old GM reversed course and again declined to implement it.[32].

151. As part of one of the myriad PRTS inquiries opened in 2005, Quality Brand Manager Steve Oakley asked William Chase, an Old GM warranty engineer, to estimate the warranty impact of the ignition switch defect in Cobalt vehicles. Chase estimated that for Cobalt and G5 vehicles on the road for 26 months, 12.40 out of every 1,000 vehicles would experience inadvertent power failure while driving. Still, Old GM did nothing.

152. At a June 7, 2005, Vehicle And Process Integration Review ("VAPIR") meeting at Old GM, the Cobalt VAPIR team discussed potential solutions to the inadvertent shut-off issue. Around this same time, DeGiorgio was asked to propose a change to the ignition switch that would double the torque required to turn the switch.[33] DeGiorgio identified two possibilities. First, he proposed using a switch under development for the Saturn Vue and the Chevrolet Equinox (the "GMT 191"). Because the GMT 191 switch was superior to the current ignition switch both electrically and mechanically, DeGiorgio referred to it as the "gold standard of ignition switches."[34] Second, DeGiorgio proposed redesigning the ignition switch already in Delta platform vehicles. Part of DeGiorgio's redesign plan included adding a second detent plunger.[35]

153. At the VAPIR meeting on June 14, 2005, additional proposed fixes were presented – categorized as either "short-term" or "long-term" solutions. The short- term solution was to use a smaller key ring and to change the key going forward with a new key

[32] February 24, 2014 GM Submission to NHTSA – Chronology Re: Recall of 2005-2007 Chevrolet Cobalt and 2007 Pontiac G5 Vehicles (or "February GM Chronology"), at 1; March 11, 2014 GM Submission to NHTSA – Chronology Re: Recall of 2006-2007 Chevrolet HHR and Pontiac Solstice, 2003-2007 Saturn Ion, and 2007 Saturn Sky Vehicles (or "March GM Chronology") at 1; April Chronology at 2.
[33] J&B Interview of Raymond DeGiorgio, May 7-8, 2014. Valukas Report at 79.
[34] J&B Interview of Raymond DeGiorgio, May 7-8, 2014. Valukas Report at 79.
[35] J&B Interview of Raymond DeGiorgio, May 7-8, 2014. Valukas Report at 79.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 93 of 237

head design that used a hole instead of a slot—the same idea that David Thrush had proposed during the November 2004 PRTS inquiry.[36] The "long-term" solutions included DeGiorgio's idea of replacing the ignition switch with the GMT 191, or gold standard switch, which would double the torque needed to shut off the ignition. The implementation of the new switch was targeted for MY 2007 or MY 2008 vehicles, at a cost of just $1.00/vehicle, plus tooling costs which were not known at that time.[37]

154. The presentation for this VAPIR meeting also included discussion of press coverage that described the very defect in this case that the Old GM engineers were addressing earlier in 2005: inadvertent shut-off of the ignition switch and moving stalls. The presentation included GM's official public relations statement regarding the issue reassuring the public and the Class that the vehicle was "still controllable."[38]

155. Also on June 14, 2005, similar complaints surfaced of "inadvertent ignition shut-offs" in the Solstice, which used the same defective ignition switch as the Cobalt and the Ion. A GM engineer emailed DeGiorgio and other Old GM personnel involved in evaluating short-term and long-term fixes for the ignition switch, informing them that Solstice testing showed the "ignition inadvertently turns off when hit." The engineer noted that the complaint was "very similar to the ones on the Cobalt [sic]" and suggested that the same "preventative measures" under discussion for the Cobalt should be taken for the Solstice.[39]

[36] X001 Ignition Cylinder Effort … Next Actions VAPIR Presentation (June 14, 2005), at 1 [DOC ID 000011020041; GMNHTSA0002l8772]. Valukas Report at 80, n. 331.
[37] X001 Ignition Cylinder Effort … Next Actions VAPIR Presentation (June 14, 2005), at 1 [DOC ID 000011020041; GMNHTSA000218772]. Valukas Report at 80-81, n. 333.
[38] X001 Ignition Cylinder Effort … Next Actions VAPIR Presentation (June 14, 2005), at 1 [DOC ID 000011020041; GMNHTSA000218772]. Valukas Report at 80-81, n. 334.
[39] E-mail from Devin Newell, GM, to Raymond DeGiorgio, GM, et al. (June 14, 2005) [DOC ID 000001748037; GMNHTSA000218756]. Valukas Report at 81, n. 336.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 94 of 337

156. On June 17, 2005, Old GM engineer Al Manzor conducted testing on the ignition switch, and the proposed GMT 191 ignition switch, at Old GM's Milford Proving Ground[40] to evaluate how the switches performed in the Cobalt using a key with a slotted key head versus a key head with a hole.[41]

157. Manzor's testing demonstrated that the rotational torque required to move the key out of Run was 10 N-cm, below the Specification of 15 to 25 N-cm. However, neither Manzor, nor anyone else interviewed, compared the test results to the actual specification.[42]

158. Later in June 2005, the VAPIR approved a fix for existing customers – a plug that could be inserted into keys when customers came to the dealer reporting problems – and a change to the key for production in the future (a change that was not implemented). On July 12, 2005, Old GM also issued another Preliminary Information to dealers, this time explaining (only for the 2005 Cobalt and 2005 Pontiac Pursuit) that a fix was available (the key insert). The key change (and the insert) did not, however, address the core problem of inadequate torque performance in the ignition switch or the low placement of the ignition switch on the steering cylinder; indeed, the engineers still regarded the key head design change as only a temporary solution – or, as one Old GM engineer described it, a "band-aid."[43]

---

[40] The Milford Proving Ground is a GM engineering facility designed for vehicle research, development, and testing in Milford, Michigan. It has extensive test tracks for vehicle testing under a range of road conditions. Valukas Report at 81, n. 337.
[41] X001 Ignition Cylinder Effort … Next Actions" (June 19, 2005) [DOC ID 000012140574; GMNHTSA000218793]; J&B Interview of Alberto Manzor, May 1, 2014; e mail from Gay Kent, GM, to Deb Nowak-Vanderhoef, GM, *et al.*(June 14, 2005) [DOC ID S006878_000038279]. Valukas Report at 81, n. 338.
[42] J&B Interview of Doug parks, May 1-2, 2014; J&B Interview of Alberto Manzor, May 1, 2014. Valukas Report at 82, n. 341.
[43] Valukas Report at 82-83.

159. Manzor said he discussed his safety concerns about the Cobalt, including the potential for airbag non-deployment, with Parks, Altman, and a safety engineer, Naveen Ramachandrappa Nagapola.[44]

160. Ignoring the ignition defect did not make the problem or reported incidents go away.

H. Rather Than Implementing A Safety Recall And Fixing The Known Defect, Old GM Sent An Inadequate Technical Service Bulletin To GM Dealers In Late 2005, Advising Dealers On Taking Heavy Items Off Key Rings.

161. Throughout 2005, various committees within Old GM considered proposed fixes, but rejected them as too costly. In December of 2005, rather than issuing a safety recall on the ignition switch defects, Old GM sent a Technical Service Bulletin ("TSB") 05-02-35-007 to GM dealers, titled "Information on Inadvertent Turning Off of Key Cylinder, Loss of Electrical System and No DTCs" for the Chevy Cobalt and HHR, Saturn Ion, and Pontiac Solstice vehicles.[45] The TSB explained that "[t]here is potential for the driver to inadvertently turn off the ignition due to low ignition key cylinder/torque."

162. When Old GM issued this TSB, the prior Preliminary Information provided to its dealers on July 12, 2005 (which had accurately used the word "stall"), was removed from the dealer database as obsolete. This TSB also did not accurately describe the danger posed by the ignition switch defect and went only to Old GM dealers, not to the public or the Class.[46] There was no mention in the TSB of the possibility of airbag non-deployment, engine stalls, loss of power steering or power brakes.

[44] J&B Interview of Alberto Manzor, May l, 2014. Valukas Report at 83, n. 347.
[45] TSB 05-02-35-007, "Information on Inadvertent Turning Off of Key Cylinder, Loss of Electrical System and No DTCs," (Oct. 2006), at GMHEC000329773.
[46] March 2014 GM chronology; GMHEC000329773.

Case 1:14-md-02543-JMF Document 1379-1 Filed 10/13/15 Page 96 of 237

163. As evidence of the international and fraudulent concealment by Old GM, multiple Old GM employees confirmed that Old GM intentionally avoided using the word "stall" in the TSB to dealers.[47]

164. Old GM Quality Brand Manager, Steve Oakley, who drafted the December 2005 TSB, stated the term "stall" is a "hot" word that Old GM did not use in TSBs because *it may raise a concern about vehicle safety*, *which "suggests Old GM should recall the vehicle*, *not issue a bulletin."*[48] In addition, Old GM personnel stated that "there was concern about the use of 'stall' in a TSB because such language might draw the attention of NHTSA."[49] The December 2005 TSB was intentionally misleading and incomplete. Rather than spend the money on a part with sufficient torque or recall the defective vehicles, Old GM came up with a self-described band-aid.

165. Rather than disclose the true nature of the defects and correct them, pursuant to the December 2005 TSB, Old GM, through its dealers, instead gave some customers who brought in their vehicle complaining about stalling "an insert for the key ring so that it goes from a 'slot' design to a hole design" to prevent the key rings from moving up and down in the slot. "[T]he previous key ring" was "replaced with a smaller" one; this change was intended to keep the keys from hanging as low as they had in the past.[50] Old GM created over 10,000 key plug inserts as the defect's cheaper fix.[51] According to GM's records, Old GM dealers provided key inserts to only 474 customers who brought their vehicles into dealers for service.[52] But the band-aid failed because Old GM abandoned the key redesign effort.[53]

---

[47] Valukas Report at 91-93; (citing GMHEC000329773).
[48] Valukas Report at 92, n. 390, emphasis added.
[49] Valukas Report at 93, n. 392.
[50] Valukas Report at 1-2; March GM Chronology at 2; April GM Chronology at 2.
[51] Valukas Report at 93-94.
[52] February GM Chronology at 2.

Furthermore, while Old GM made the key insert available to consumers of previously purchased vehicles, it did not, at the same time, change the key for cars that were rolling off the assembly line and those yet to be produced. Thus, even the "band-aid" that Old GM engineers proposed was not implemented for new cars.[54]

166. Still there was no recall and Old GM continued to receive complaints of fatalities and injuries that put it squarely on notice of the defect. Rather than issue the necessary safety recall, inside Old GM, the cover-up continued.

I. Old GM Knew About And Authorized A Design Change To The Ignition Switch In 2006, But Masked The Existence Of The Change By Keeping The Part Number The Same.

167. Old GM covertly authorized a design change for the defective ignition switch in 2006.

168. In late 2005 and early 2006, DeGiorgio discussed with Delphi a proposal to put a stronger spring and plunger into the ignition switch.[55] An internal Delphi document indicates that this switch design—with a longer detent spring-plunger—was the same as the longer detent spring-plunger design originally drafted by Delphi in 2001.[56] In other words, this option was available when the ignition switch was first designed[57]

169. In April 2006, DeGiorgio authorized Delphi to implement changes to fix the ignition switch defect.[58] The design change "was implemented to increase torque performance

Footnote continued from previous page

53 Valukas Report at 94.

54 Valukas Report at 94.

55 E-mail from Arturo Alcala, Delphi to Raymond DeGiorgio, GM, John B. Coniff, Delphi, et al. (Jan. 6, 2006) [DOC ID 000051786002; GMNHTSA000257777]. Valukas Report at 97, n. 401.

56 Drawing 741-76307-T [DOC ID GMHEC000003206]; 2001 Long Detent Spring Drawing, Drawing 741-79378 (2001) [Ex. A.3.a(2) 2001 Long Detent Spring Drawing]; 2001 Short Detent Spring Drawing, Drawing 741-75259 (2001) [Ex. A.3.a (1) 2001 Short Detent Spring Drawing]; e-mail from Antero Cuervo, Delphi, to Lyle Miller, Delphi (Oct. 29, 2013) [DOC ID 000004253527; GMNHTSA000223906]. Valukas Report at 97, n. 402.

57 Valukas Report at 97.

58 General Motors Commodity Validation Sign-Off (April 26, 2006, GMHEC000003201).

in the switch."[59] On April 26, 2006, DeGiorgio approved an ignition switch with a longer detent plunger by signing what is called a Form 3660, giving Delphi permission to begin manufacturing the longer parts for the switch.[60] The Form 3660 stated, "[n]ew detent plunger (Catera spring/plunger) was implemented to increase torque force in switch."[61] Each Form 3660 has to link back to a master work order, and this one did as well. But the work order to which it was linked was only for the electrical improvements to the ignition switch; the work order did not mention the change to the spring and plunger.[62] Old GM fraudulently concealed and acted to suppress and cover up this material fact.

170. Delphi documents suggest that the new ignition switch went into production sometime after June 26, 2006.[63] Although the design of the ignition switch changed, *the part number remained the same*.[64]

171. Meanwhile, consumers, NHTSA, the driving public, and the Class were not told of this change, because Old GM "*concealed the fact*" of the design change and "*failed to disclose this critical information*," with devastating consequences.[65]

172. In congressional testimony in 2014, GM CEO Mary Barra acknowledged that GM should have changed the part number when it redesigned the ignition switch, and that its failure to do so did not meet industry standard behavior. Former New GM engineers term GM's failure to change the part number a "cardinal sin" and "an extraordinary violation of internal processes."

[59] General Motors Commodity Validation Sign-Off (April 26, 2006, GMHEC000003201).
[60] General Motors Commodity Validation Sign Off (April 26, 2006) GMHEC000003201.
[61] Form 3660 (April 26, 2006), at 3 [DOC ID 000004253529; GMNHTSA000223924]. Valukas Report at 98, n. 406.
[62] EWO 302726 (Feb. 19, 2004) [DOC ID 000000000080; GMNHTSA000220667]. Valukas Report at 98, n. 407.
[63] Valukas Report at 99.
[64] Valukas Report at 100 (emphasis added).
[65] Valukas Report at 34 (emphasis added).

J. <u>The Fatalities Resulting From The Defects And Cover-Up Came To Old GM's Attention As Early As 2004.</u>

173. Customer complaints and reports of injuries and fatalities continued.

174. GM's legal department received notice of the first Ion airbag non-deployment claim in January 2004 in a 2004 Saturn Ion. The first Cobalt crash came to Old GM's attention in September 2005.[66]

175. On November 17, 2005—immediately before Old GM issued the December Bulletin—a Cobalt went off the road and hit a tree in Baldwin, Louisiana. The front airbags did not deploy in this accident. Old GM received notice of the accident, opened a file, and referred to it as the "Colbert" incident.

176. In January 2006, a 2005 Chevy Cobalt, driven by an unsuspecting Old GM customer struck several trees and its driver died en route to the hospital.[67] The vehicle's power mode status was in "accessory" at the time of the crash and the airbag did not deploy when it should have.[68]

177. On February 10, 2006, in Lanexa, Virginia – shortly after Old GM issued the TSB – a 2005 Cobalt flew off of the road and hit a light pole. As with the Colbert incident (above), the frontal airbags failed to deploy in this incident. The download of the SDM (the vehicle's "black box") showed the key was in the "accessory/off" position at the time of the crash. Old GM received notice of this accident, opened a file, and referred to it as the "Carroll" incident.

---

[66] Valukas Report at 103, n. 419.

[67] Calspan Corporation, Calspan On-Site Air Bag Non-Deployment Investigation, Case No. CA05-049, Dec. 12, 2006 [DOC ID GMCB-000000073786; GMHEC100026303]; GM, Activity Notes form, File No. 501661, Jan. 31, 2006 [DOC ID 000001660023; GMNHTSA000200717]. Valukas Report at 110, n. 453.

[68] Crash Data Retrieval System, [redacted] SDM Data, Sept. 14, 2005 [DOC ID 000001660011; GMNHTSA000200688]. Valukas Report at 110, n. 454.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 90 of 237

178. On March 14, 2006, in Frederick, Maryland, a 2005 Cobalt traveled off the road and struck a utility pole. The frontal airbags did not deploy in this incident. The download of the SDM showed the key was in the "accessory/off" position at the time of the crash. Old GM received notice of this incident, opened a file, and referred to it as the "Oakley" incident.

179. In September 2006, GM became aware of an incident in which a 2004 Saturn Ion left the road and struck a utility pole head on. The airbag did not deploy and the driver was wearing her seatbelt, but was pronounced dead at the scene. Old GM identified this crash as one in which the airbag should have deployed, and the airbag likely would have saved her life.[69] Old GM engineers agreed that "1) the airbags … should have deployed; 2) the SDM did not record the crash event, for unknown reasons;… and 4) it is reasonably likely that deployment of the driver airbag would have prevented [] death in this accident."[70] Still, Old GM admitted nothing and represented its cars were non-defective and safe.

180. On October 24, 2006, a crash occurred in which a 2005 Cobalt left the road and struck a telephone box and two trees. There were fatalities and severe injuries and the airbag did not deploy. Alan Adler e-mailed Dwayne Davidson, Senior Manager for TREAD Reporting at Old GM, and others, copying Gay Kent, Jaclyn Palmer, Brian Everest, and Doug Wachtel, with the subject line "2005 Cobalt Air Bags—Fatal Crash; Alleged Non-Deployment."[71]

181. In October 2006, a 2005 Chevy Cobalt was involved in a crash in Wisconsin which resulted in the deaths of the front right and rear right passengers. NHTSA assigned Indiana University Transportation Research Center to investigate the crash. The vehicle was

[69] Valukas Report at 112, n. 463, 464.
[70] Valukas Report at 113, n. 474.
[71] Valukas Report at 113-114.

Case 1:14-md-02543-JMF Document 1579 Filed 12/03/15 Page 91 of 837

inspected on November 6, 2006.[72] Old GM reported the crash later in 2006 in its EWR filing.[73] NHTSA requested additional information from GM in May of 2007, and GM responded a month later.[74]

182. In 2007, two analyses of the fatalities in the Wisconsin Cobalt crash, one by Wisconsin State Trooper Keith Young and another by Indiana University researchers, both independently concluded that the movement of the ignition switch from "run" into "accessory" caused the 2006 accident, the airbag non-deployment and the tragic deaths. Officer Young was able to reach this accurate conclusion by examining GM's own engineering documents.

183. Internal Old GM documents show that the company has received at least 248 reports of air bag non-deployment in 2005 MY vehicles.[75] Internal documents also showed that Old GM received at least 134 reports of air bag non-deployment in 2006 MY vehicles.[76]

K. <u>Old GM Responded To Growing Evidence Of Fatalities By Updating The Technical Service Bulletin To Dealers About Heavy Key Chains.</u>

184. In October 2006, Old GM updated the prior December 2005 Service Bulletin to include additional make and MY vehicles, namely: the 2007 Saturn Ion and Sky, 2007 Chevrolet HHR, and 2007 Pontiac Solstice and G5.[77] As it had previously done, in its statement to dealers, Old GM avoided acknowledging the ignition switch defect and this time blamed the problem on height and weight of its customers, short people and heavy key rings, stating:

---

[72] Indiana Univ. Transp. Research Ctr., On-site Air Bag Non-deployment Investigation Case No. IN06-033, Vehicle: 2005 Chevrolet Cobalt (Oct. 2006) (hereinafter the "2006 SCI Report").
[73] Letter from Christina Morgan, Chief, Early Warning Division, Office of Defects Investigation, to Gay P. Kent, Director, General Motors Corp. (May 7, 2007); Letter to Christina Morgan from Gay P. Kent, Director, Product Investigations (June 7, 2007) (GMHEC00198410-198414).
[74] GMHEC00197898.
[75] GM Internal Summary Points on Airbag Non-Deployment for Cobalt, G5 and Pursuit (Aug. 2013).
[76] GM Internal Summary Points on Airbag Non-Deployment for Cobalt, G5 and Pursuit (Aug. 2013).
[77] (Service Bulletin 05-02-35-007, "Information on Inadvertent Turning Off of Key Cylinder, Loss of Electrical System and No DTCs," (Oct. 2006 revised), at GMHEC000000002).

> There is potential for the driver to inadvertently turn off the ignition due to low ignition key cylinder torque/effort. The concern is more likely to occur if the driver is short and has a large and/or heavy key chain. In these cases, this condition was documented and the driver's knee would contact the key chain while the vehicle was turning and the steering column was adjusted all the way down. This is more likely to happen to a person who is short, as they will have the seat positioned closer to the steering column. In cases that fit this profile, question the customer thoroughly to determine if this may be the cause. The customer should be advised of this potential and should take steps to prevent it—such as removing unessential items from their key chain.[78]

185. Despite the TSB to dealers, millions of the defective vehicles remained on the road endangering the lives and livelihoods of the Class and the public.

L. Old GM Knew Of And Tracked Multiple Accidents Involving The Ignition Switch Defect By 2007 And Avoided Scrutiny By Misleading The Class, The Public, And Regulators.

186. Old GM knew that people were being killed and seriously injured because of the ignition switch defect in its vehicles and the resulting loss of power and airbag non-deployment.

187. In March 2007, Old GM met with NHTSA and discussed the July 29, 2005, fatal crash involving Amber Rose.[79] At this meeting, Old GM was told by NHTSA the airbags in the Cobalt did not deploy, causing the Ms. Rose's death, and that data retrieved from the crashed vehicle's diagnostic system indicated that the ignition was in the "accessory" position. This was no surprise to Old GM; it had been secretly tracking ignition switch related accidents since well before this time. By the end of 2007, Old GM identified ten (10) other accidents, including four (4) where the ignition switch had moved into the "accessory" position.[80]

---

[78] GMHEC000143093; GM Technical Service Bulletin, "Information on Inadvertent Turning Off of Key Cylinder, Loss of Electrical System and no DTCs," (Oct. 25, 2006), at GMHEC000138614.
[79] GM Feb. 24, 2014, Letter to NHTSA, GM February Chronology.
[80] GM Feb. 24, 2014, Letter to NHTSA, GM February chronology.

188. Thus, by the end of 2007, Old GM knew of at least 10 frontal collisions in which the airbag did not deploy.[81] Old GM actually knew of but kept secret many other similar fatal accidents involving the ignition switch defects.

189. For the next two years, Old GM continued to receive complaints and continued to investigate frontal crashes in which the airbags did not deploy in Defective Vehicles, but did not disclose the crucial safety information to the Class of unsuspecting drivers of Old GM vehicles.

190. In April 2007, having continued its investigation into the July 2005 Maryland Cobalt crash, NHTSA received a 2006 SCI report stating that the "crash is of special interest because the vehicle was equipped with … dual stage air bags that did not deploy."[82] The SCI Report concluded that the air bags did not deploy "as a result of the impact with the clump of trees, possibly due to the yielding nature of the tree impact or power loss due to the movement of the ignition switch just prior to impact."[83] The Electronic Data Recorder ("EDR") for the vehicle indicated that the ignition switch was in "Accessory" mode at the time of impact.[84] The SCI Report also found that the investigation demonstrated that contact with the ignition switch could result in "engine shutdown and loss of power."[85]

191. In August 2007, Old GM met with its airbag supplier, Continental, to review SDM data from a 2005 Chevrolet Cobalt crash where the airbags failed to deploy.[86]

---

[81] Letter from M. Carmen Benavides, Dir., Prod. Investigations & Safety Regulations, GM, to Nancy Lewis, Assoc. Adm'r for Enforcements, NHTSA, Attach. B-573.6(c)(6) at 2 (February 24, 2014), *available at* http://democrats.energycommerce.house.gov/sites/default/files/ documents/Letter-Benavides-Lewis-2014-02-24.pdf (or "Benavides Letter").
[82] 2006 NTHSA SCI Report.
[83] 2006 NTHSA SCI Report at ii.
[84] 2006 NTHSA SCI Report at 7.
[85] 2006 NTHSA SCI Report at 7.
[86] Continental Automotive Sys. US, Inc., Field Event Analysis Report, GMHEC00003143-3153, GM Mar. 11, 2014 Letter to NHTSA, GM March chronology at 2.

Case 1:14-md-02543-JMF Document 1379-1 Filed 07/10/15 Page 94 of 837

192. The next month, in September of 2007, the Chief of the Defects Assessment Division ("DAD") within NHTSA's Office of Defects Investigation ("ODI") proposed an investigation of "frontal airbag non-deployment in the 2003-2006 Chevrolet Cobalt/Saturn Ion" vehicles.[87] The Chief of DAD within ODI noted that the "issue was prompted by a pattern of reported non-deployments in VOQ [Vehicle Owner Questionnaire] complaints that was first observed in early 2005."[88] The email stated that NHTSA had "discussed the matter with GM," but that Old GM had assured NHTSA that "they see no specific problem pattern."[89] NHTSA's Greg Magno stated:

> Notwithstanding GM's indications that they see no specific problem, DAD perceives a pattern of non-deployment in these vehicles that does not exist in their peers and that their circumstances are such that, in our engineering judgment, merited a deployment, and that such a deployment would have reduced injury levels or saved lives.[90]

193. In November 2007, NHTSA's ODI considered a proposal to investigate the non-deployment of airbags in 2003-2006 model/year Chevy Cobalt and Saturn Ion vehicles.[91] The review was prompted by twenty-nine (29) complaints, four (4) fatal crashes, and fourteen (14) field reports that NHTSA knew about.[92] Again, Old GM not only failed to act, it worked to thwart the agency's efforts, in furtherance of its fraud and concealment to the detriment of the Class.

194. As part of the cover-up, Old GM tried to avoid full regulatory investigation and disclosure by claiming that it was unaware of any problem in its vehicles. Furthermore, Old GM knew that the airbag system in the Defective Vehicles would be disabled when the

[87] E-mail from Chief of DAD, ODI, to NHTSA staff (Sept. 5, 2007), NHTSA-HEC-004491.
[88] E-mail from Chief of DAD, ODI, to NHTSA staff (Sept. 5, 2007), NHTSA-HEC-004491.
[89] E-mail from Chief of DAD, ODI, to NHTSA staff (Sept. 5, 2007), NHTSA-HEC-004491.
[90] E-mail from Chief of DAD, ODI, to NHTSA staff (Sept. 5, 2007), NHTSA-HEC-004491.
[91] DAD Panel (Nov. 17, 2007), at NHTSA-HECC-004462-4483.
[92] DAD Panel (Nov. 17, 2007), at NHTSA-HECC-004462-4483.

ignition switch to a vehicle moved from the "run" to the "accessory" position. The airbag system, in other words, was disabled when the vehicle lost power. Old GM knew, however, that NHTSA believed that in most, if not all, vehicles, the airbag systems were operable for several seconds following a power loss. Although Old GM knew that NHTSA was mistaken, it did not correct NHTSA's mistaken belief.

M. Old GM Instructed Its Personnel On Judgment Words To Be Avoided.

195. In a 2008 internal presentation at Old GM, it instructed its employees to avoid using the following judgment words:[93]

Always	detonate	maniacal
Annihilate	disemboweling	mutilating
Apocalyptic	enfeebling	Never
Asphyxiating	Evil	potentially-disfiguring
Bad	evicscerated [*sic*]	power [*sic*] keg
Band-Aid	explode	Problem
big time	Failed	Safety
brakes like an "X" car	Flawed	safety related
Cataclysmic	genocide	Serious
Catastrophic	Ghastly	spontaneous combustion
Challenger	grenadelike	startling
Chaotic	Grisly	suffocating
Cobain	gruesome	Suicidal
Condemns	Hindenburg	terrifying
Corvair-like	Hobbling	Titanic
Crippling	Horrific	tomblike
Critical	impaling	unstable
Dangerous	Inferno	widow-maker rolling sarcophagus (tomb or coffin)
Deathtrap	Kevorkianesque	Words or phrases with biblical connotation
Debilitating	lacerating	
Decapitating	life-threatening	
Defect	maiming	
Defective	mangling	

[93] NHTSA Consent Order at Exhibit B, 2008 Q1 Interior Technical Learning Symposium.

196. Instead of using their common sense judgment, Old GM employees were advised in Orwellian fashion to use specific words to avoid disclosure of the material safety risks, and in so doing furthered the cover-up and fraud through intentional word substitutions such as:

- "Issue, Condition [or] Matter" instead of "**Problem**"
- "Has Potential Safety Implications" instead of "**Safety**"
- "Does not perform to design" instead of "**Defect/Defective**"[94]

197. Old GM knew its defective vehicles were killing and maiming its customers, while instructing its employees to avoid the words "defect" or "safety." Instead of publicly admitting the dangerous safety defects in its vehicles, Old GM repeatedly blamed accidents on driver error.

198. From 2001 until July 10, 2009, Old GM was repeatedly put on notice of the defect internally and received reports of deaths and injuries in Chevy Cobalts and other GM vehicles involving airbag failures and/or steering, yet acted at every turn to fraudulently conceal the danger from the Class. Examples include, but are not limited to:

- 2005: 26 Cobalt Death and Injury Incidents, including 1 death citing "airbag" as the component involved.
- 2006: 69 Cobalt Death and Injury Incidents, including 2 deaths citing "airbag" as the component involved and 4 deaths listing the component involved as "unknown."
- 2007: 87 Cobalt Death and Injury Incidents, including 3 deaths citing "airbag" as the component involved.
- 2008: 106 Cobalt Death and Injury Incidents, including 1 death citing "airbag" as the component involved and 2 deaths listing the component involved as "unknown."[95]

[94] NHTSA Consent Order at Exhibit B (emphasis added).

N. By 2009, As Injuries And Deaths Continued To Mount, Old GM Opened Yet Another Internal Investigation, But Continued To Withhold Information From Its Customers And The Class About The Defects.

199. In February 2009, Old GM initiated yet another internal investigation of the ignition switch defect which resulted in a redesign of the ignition key for the 2010 model/year Cobalt.[96] However, Old GM took no remedial action in response to the investigation and continued to conceal the facts. Consequently, deaths, injuries, and incidents continued to occur related to the ignition switch defect. As one Old GM employee put it when the ignition defect was raised again internally at Old GM:

> "Gentleman! This issue has been around since man first lumbered out of sea and stood on two feet. In fact, I think Darwin wrote the first PRTS on this and included as an attachment as part of his Theory of Evolution."[97]

200. Some within Old GM were not mincing words. Yet Old GM chose to conceal the truth from the Class, and the death and injury toll mounted.

201. Again, in April 2009, a 2005 Chevy Cobalt was involved in a crash in Pennsylvania which resulted in the deaths of the driver and front passenger.[98] The crash was investigated by NHTSA.[99] The 2009 SCI Report noted that data from the Cobalt's SDM indicated that the ignition switch was in "accessory" mode at the time of the crash.[100] Still, Old GM refused to issue a recall or notify the Class of the danger.

Footnote continued from previous page
95 NHTSA Cobalt Chronology prepared by the Center for Auto Safety, February 27, 2014.
96 GM Feb. 24, 2014 Letter To NHSTA, GM Feb. chronology at 2; Valukas Report at 132-133; GM PRTS Complete Report (1078137)—GMNHTSA000018925.
97 Memo, Joseph R. Manson, Feb. 18, 2009, GMHEC000282093.
98 Calspan Corp. Crash Data Research Ctr., Calspan On-site Air Bag Non-deployment Investigation SCI Case No.: CA09022, Vehicle: 2005 Chevrolet Cobalt (Apr. 2009) (the "2009 SCI Report").
99 Calspan Corp. Crash Data Research Ctr., Calspan On-site Air Bag Non-deployment Investigation SCI Case No.: CA09022, Vehicle: 2005 Chevrolet Cobalt (Apr. 2009) (the "2009 SCI Report").
100 Calspan Corp. Crash Data Research Ctr., Calspan On-site Air Bag Non-deployment Investigation SCI Case No.: CA09022, Vehicle: 2005 Chevrolet Cobalt (Apr. 2009) (the "2009 SCI Report"). SDM Data Report, attached to 2009 SCI Report.

Case 1:14-md-02543-JMF Document 1579-1 Filed 11/03/15 Page 98 of 387

O. <u>The Spreadsheet Of Accidents Involving The Cobalt Ignition Switch Within Old GM Continued To Grow, But Was Never Disclosed.</u>

202. Beginning in 2007, Old GM Field Performance Assessment engineer, John Sprague, maintained a spreadsheet of accidents involving Cobalt non-airbag deployments, along with the vehicle power mode status. To gather the data for the spreadsheet, Sprague sent SDMs from crash vehicles to Continental (the SDM manufacturer) so that it could access information that Old GM could not.[101] After receiving the data from Continental, Sprague collected information regarding the Cobalt crashes and power mode status, added it to the spreadsheet, and discovered that, in fact, the power mode status was recorded as "off" or "accessory" in many accidents..[102]

203. Sprague continued to maintain his spreadsheet until July 10, 2009 (and beyond). In doing so, Sprague noticed a pattern—the problem of non-deployment of airbags did not appear as frequently in MY 2008 and later Cobalts. That led him to question whether there had been some change in the Cobalt from MY 2007 to MY 2008.[103]

204. Sprague brought his spreadsheet on the ignition switches and vehicles losing power while driving to a meeting with DeGiorgio in 2009 and the two of them reviewed it together.[104] Still no action was taken. Instead, there were more non-productive meetings.

205. In May 2009, Old GM again met with its SDM supplier, Continental, and asked for data in connection with another crash involving a 2006 Chevy Cobalt where the airbags failed to deploy.[105] In a report dated May 11, 2009, Continental analyzed the SDM data and concluded that the SDM ignition state changed from "run" to "off" during the

---

[101] Valukas Report at 134.
[102] J&B Interview of John Sprague, May 27, 2014. Valukas Report at 135, n. 596.
[103] Valukas Report at 137.
[104] Valukas Report at 138, n. 616.
[105] Continental Automotive Sys. US, Inc., Field Event Analysis Report GMHEC00003129-3142.

accident. According to Continental, this, in turn, disabled the airbags. Old GM did not disclose this finding to NHTSA, despite its knowledge that NHTSA was interested in non-deployment incidents in Chevrolet Cobalt vehicles. Yet again, in the face of mounting death tolls, Old GM did not correct the ignition switch defect, take the vehicles off the road, or warn its consumers or the Class. Sprague's secret spreadsheet of accidents simply grew.

206. The next month, in June 2009, Old GM filed a Chapter 11 petition. The bankruptcy sale to New GM became effective on July 10, 2009.

207. At that point, New GM assumed Old GM's obligation to report any known, dangerous defects in GM vehicles, including the Defective Vehicles.

III. Meet The New GM, Same As The Old GM: With Knowledge of the Defects, New GM "Investigates" Further-And Continues To Conceal The Defects.

208. In 2009, Old GM declared bankruptcy, and, weeks later, it emerged from bankruptcy as New GM. Both before and after GM's bankruptcy, the ignition switches in the Defective Vehicles continued to fail and GM, in both its incarnations, continued to conceal the truth.

209. On March 10, 2010, many months after the birth of New GM, Brooke Melton was driving her 2005 Cobalt on a two-lane highway in Paulding County, Georgia. While she was driving, her key turned from the "run" to the "accessory/off" position causing her engine to shut off. After her engine shut off, she lost control of her Cobalt, which traveled into an oncoming traffic lane, where it collided with an oncoming car. Brooke was killed in the crash.

210. On March 22, 2011, Ryan Jahr, a GM engineer, downloaded the SDM from Brooke's Cobalt. The information from the SDM download showed that the key in Brooke's Cobalt turned from the "run" to the "accessory/off" position 3-4 seconds before the crash. On June 24, 2011, Brooke Melton's parents, Ken and Beth Melton, filed a lawsuit against GM.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 90 of 337

211. On December 31, 2010, in Rutherford County Tennessee, a 2006 Cobalt traveled off the road and struck a tree. Despite there being a frontal impact in this incident, the frontal airbags failed to deploy. The download of the SDM showed the key was in the "accessory/off" position. New GM received notice of this incident, opened a file, and referred to it as the "Chansuthus" incident.

212. On December 31, 2010, in Harlingen, Texas, another 2006 Cobalt traveled off the road and struck a curb. Despite there being a frontal impact in this incident, the frontal airbags failed to deploy. New GM received notice of this incident, opened a file, and referred to it as the "Najera" incident.

213. These incidents are not limited to vehicles of model year 2007 and before. According to New GM's own investigation, there have been over 250 crashes involving 2008-2010 Chevrolet Cobalts in which the airbags failed to deploy.

214. In 2010, New GM began a formal investigation of the frontal airbag non-deployment incidents in Chevrolet Cobalts and Pontiac G5s. New GM subsequently elevated the investigation to a Field Performance Evaluation ("FPE").

215. In August 2011, New GM assigned Engineering Group Manager, Brian Stouffer as the Field Performance Assessment Engineer ("FPAE") to assist with the FPE investigation.

216. On December 18, 2011, in Parksville, South Carolina, a 2007 Cobalt traveled off the road and struck a tree. Despite there being a frontal impact in this incident, the frontal airbags failed to deploy. The download of the SDM showed the key was in the "accessory/off" position. GM received notice of this incident, opened a file, and referred to it as the "Sullivan" incident.

217. In spring 2012, Stouffer asked Jim Federico, a high level executive and chief engineer at Old and New GM who recently retired, to oversee the FPE investigation. Federico was the "executive champion" for the investigation to help coordinate resources for the FPE investigation.

218. In May 2012, New GM engineers tested the torque on the ignition switches for 2005-2009 Cobalt, 2007, 2009 Pontiac G5, 2006-2009 HHR, and 2003-2007 Ion vehicles in a junkyard. The results of these tests showed that the torque required to turn the ignition switches in most of these vehicles from the "run" to the "accessory/off" position did not meet Old GM's minimum torque specification requirements, including the 2008-2009 vehicles. These results were reported to Stouffer and other members of the FPE.

219. Indeed, airbag non-deployment incidents are not limited to vehicles of model year 2007 and before. According to New GM's own investigation, there have been over 250 crashes involving 2008-2010 Chevrolet Cobalts in which the airbags failed to deploy.

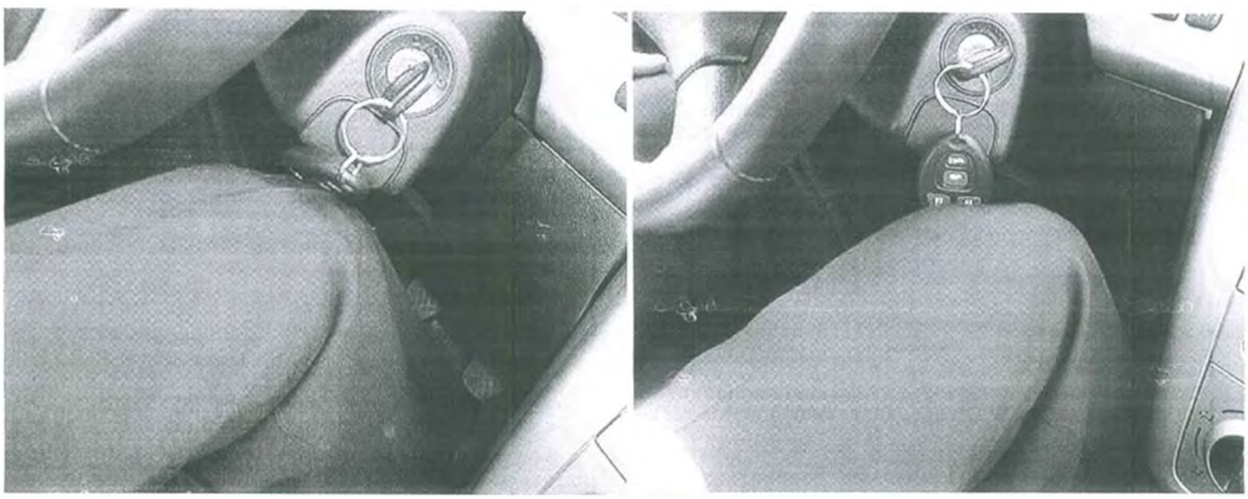
220. In September 2012, Stouffer requested assistance from a "Red X Team" as part of the FPE investigation. The Red X Team was a group of engineers within GM assigned to find the root cause of the airbag non-deployments in frontal accidents involving Chevrolet Cobalts and Pontiac G5s. By that time, however, it was clear that the root cause of the airbag non-deployments in a majority of the frontal accidents was the defective ignition switch system. The Red X Team became involved in the investigation shortly after Mr. Stouffer's request.

221. During the field-performance-evaluation process, New GM determined that, although increasing the detent in the ignition switch would reduce the chance that the key

would inadvertently move from the "run" to the "accessory/off" position, it would not be a total solution to the problem.

222. Indeed, the New GM engineers identified several additional ways to actually fix the problem. These ideas included adding a shroud to prevent a driver's knee from contacting the key, modifying the key and lock cylinder to orient the key in an upward facing orientation when in the run position, and adding a push button to the lock cylinder to prevent it from slipping out of run. New GM rejected each of these ideas.

223. The photographs below are of a New GM engineer in the driver's seat of a Cobalt during the investigation of Cobalt engine stalling incidents:



224. These photographs show the dangerous condition of the position of the key in the lock module on the steering column, as well as the key with the slot, which allow the key fob to hang too low off of the steering column. New GM engineers understood that the key fob may be impacted and pinched between the driver's knee and the steering column which causes the key to be inadvertently turned from the run to accessory/off position. The photographs show why the New GM engineers understood that increasing the detent in the ignition switch would not be a total solution to the problem. It also shows why GM engineers

believe that the additional changes to the ignition switch system (such as the shroud) were necessary to fix the defects.

225. The New GM engineers clearly understood that increasing the detent in the ignition switch alone was not a solution to the ignition switch problem but New GM concealed—and continues to conceal—from the public, the nature and extent of the defects.

226. By 2012, Federico, Stouffer, and the remaining members of the Red X Team knew that the Key System in the Ion, the Cobalt, and the G5 vehicles had safety-related defects that would cause the key to move from the “run” to the “accessory/off” position while driving these vehicles. They also knew that when this happened the airbags would no longer work in frontal crashes.

227. On October 4, 2012, there was a meeting of the Red X Team during which Federico gave an update of the Cobalt airbag non-deploy investigation. According to an email from Stouffer on the same date, the “primary discussion was on what it would take to keep the SDM active if the ignition key was turned to the accessory mode.” Despite this recognition by New GM engineers that the SDM should remain active if the key is turned to the accessory/off mode, New GM has done nothing to remedy this safety defect and has fraudulently concealed, and continue to fraudulently conceal it, from the public.

228. During the October 4, 2012 meeting, Stouffer, and the other members of the Red X Team also discussed “revising the ignition switch to increase the effort to turn the key from Run to Accessory.”

229. On October 4, 2012, at 9:07 p.m., Stouffer emailed DeGiorgio and asked him to “develop a high level proposal on what it would take to create a new switch for service with higher efforts.”

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 104 of 337

230. On October 5, 2012, at 7:39 a.m., DeGiorgio responded:

Brian,

In order to provide you with a HIGH level proposal, I need to understand what my requirements are. what is the TORQUE value that you desire?

Without this information I cannot develop a proposal.

231. At 9:05 a.m. on that same day, Stouffer in responding to DeGiorgio's email, stated:

Ray,

As I said in my original statement, I currently don't know what the torque value needs to be. Significant work is required to determine the torque. What is requested is a high level understanding of what it would take to create a new switch.

232. DeGiorgio responded back to Stouffer at 9:33 a.m. that same morning:

Brian,

Not knowing what my requirements are I will take a SWAG at the Torque required for a new switch. Here is my high level proposal:

Assumption is 100 N cm Torque.

- New switch design = Engineering Cost Estimate approx. $300,000

- Lead Time = 18-24 months from issuance of GM Purchase Order and supplier selection.

Let me know if you have any additional questions.

233. Stouffer admitted during his deposition that DeGiorgio's reference to SWAG was an acronym for Silly Wild-Ass Guess.

234. DeGiorgio's cavalier attitude exemplifies the decade-long approach to the safety-related defects that existed in the ignition switch systems in Defective Vehicles. Rather than seriously addressing the safety defects, DeGiorgio's emails show he understood the ignition switches were contributing to the crashes and fatalities and he could not care less.

235. It is also obvious from this email exchange that Stouffer, who was a leader of the Red X Team, had no problem with DeGiorgio's cavalier and condescending response to the request that he evaluate the redesign of the ignition switches.

236. Federico, Stouffer, and the other members of the Red X Team also understood that these safety-related defects had caused or contributed to numerous accidents and multiple fatalities. Despite this knowledge, New GM chose to conceal this information from the public, including the Class.

237. In December 2012, in Pensacola, Florida, Ebram Handy, a New GM engineer, participated in an inspection of components from Brooke Melton's Cobalt, including the ignition switch. At that inspection, Handy, along with Mark Hood, a mechanical engineer retained by the Meltons, conducted testing on the ignition switch from Brooke Melton's vehicle, as well as a replacement ignition switch for the 2005 Cobalt.

238. At that inspection, Handy observed that the results of the testing showed that the torque performance on the ignition switch from Brooke Melton's Cobalt was well below Old GM's minimum torque performance specifications. Handy also observed that the torque performance on the replacement ignition switch was higher than the torque performance on the ignition switch in Brooke Melton's Cobalt.

239. In January 2013, Handy, in preparation for his Rule 30(b)(6) deposition in the Melton case, spoke with several people who were engineers at both Old and New GM,

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 96 of 337

including DeGiorgio and Stouffer. At that time, Handy knew that, based on the testing he had observed, the original ignition switch in the 2005 Cobalt failed to meet Old GM's minimum torque performance specifications and that Old GM had redesigned the ignition switches that were being sold as replacement switches. Both Old GM and later New GM knew that an ignition switch that did not meet its minimum torque performance requirements was a safety defect.

240. Old and New GM engineers integrally involved with this situation have admitted that Old GM never should have sold the Defective Vehicles with ignition switches that did not meet the Company's minimum torque performance requirements.

241. In 2013, Ray DeGiorgio, the chief design engineer for the ignition switches in millions of the Defective Vehicles was deposed. At his deposition, DeGiorgio was shown photographs of the differences between the ignition switch in Brooke Melton's Cobalt and the ignition switch in the 2008 Cobalt or replacement ignition switch. After looking at the photographs of the different ignition switches, DeGiorgio testified as follows:

Q. The one on the right, Exhibit 13 is an '05 or an '06, and the one on the left, Exhibit 14, is either an '08 or replacement. Do you see the difference?

A. Yes.

Q. Have you noticed that before today, Mr. DeGiorgio?

A. No sir.

Q. Were you aware of this before today, Mr. DeGiorgio?

MR. HOLLADAY: Object to the form. You can answer.

THE WITNESS: No sir.

Q. It appears to be pretty clear that the plunger and the cap is taller on Exhibit 14 compared to Exhibit 13, isn't it?

A. That's correct.

Q. How is a taller cap going to affect the rotational resistance?

A. It's hard to determine from these pictures exactly if it is a taller cap or is it recessed inside the housing or not. It's hard for me to assess, really, what I'm looking at.

Q. You've taken apart a number of switches and you're telling the jury you've never noticed the difference in the plunger between the '05 and '06 versus the new resistor or switch?

MR. HOLLADAY: Object to the form.

THE WITNESS: I did not notice, no.

(DeGiorgio Deposition, pp. 149-150.)

242. DeGiorgio was then further questioned about his knowledge of any differences in the ignition switches:

Q. And I'll ask the same question. You were not aware before today that GM had changed the spring—the spring on the ignition switch had been changed from '05 to the replacement switch?

MR. HOLLADAY: Object to the form. Lack of predicate and foundation. You can answer.

THE WITNESS: I was not aware of a detent plunger switch change. We certainly did not approve a detent plunger design change.

Q. Well, suppliers aren't supposed to make changes such as this without GM's approval, correct?

A. That is correct.

Q. And you are saying that no one at GM, as far as you know, was aware of this before today?

MR. HOLLADAY: Object. Lack of predicate and foundation. You can answer.

THE WITNESS: I am not aware about this change.

(DeGiorgio Deposition, pp. 151-152.)

243. DeGiorgio clearly testified that he had absolutely no knowledge of any change in the ignition switch in 2005-2010 Cobalts.

244. DeGiorgio also provided the following testimony about the ignition switch supplier, Delphi:

Q. And there weren't any changes made—or were there changes made to the switch between '05 and 2010 that would have affected the torque values to move the key from the various positions in the cylinder?

A. There was one change made to the resistor in '08, but that should not have affected the torque or the displacement of the switch.

I can restate this way: There was an electrical change made in '08, but not a mechanical change—at least there were no official changes, mechanical changes, made to the switch that I know of.

Q. When you say no official, could there be unofficial changes made?

A. I'm not saying that there was, I'm just saying if there was something changed at the supplier side, we were not aware of it and we did not approve it, okay?

(DeGiorgio Deposition, pp. 57-58.)

Q. Did you ask Mary Fitz or anyone from Delphi whether there, in fact, had been any changes made to the ignition switch?

A. Yes, yes I did. And they came back, said there's been no changes made to the switch since the introduction to production.

Q. Who told you that?

A. Mary Fitz.

Q. Where is she located?

A. She's located in, I want to say, Delphi headquarters here in Michigan.

(DeGiorgio Deposition, pp. 117-118.)

245. DeGiorgio clearly testified that he had spoken with Delphi employees and that they confirmed there were no changes made to the ignition switch in 2005-2010 Cobalts.

246. DeGiorgio signed his errata sheet on May 23, 2013. In the signed errata sheet, DeGiorgio did not change any testimony referenced in this Complaint.

247. On June 12, 2013, Gary Altman, the Cobalt program engineering manager, testified as follows during his deposition in Melton v. GM:

Q. And the vehicle never should have been sold if it didn't meet GM's minimum torque specific—performance requirements, should it?

MR. FRANKLIN: Object to form.

THE WITNESS: That's correct.

Q. And the reason is because that could be dangerous under certain situations, because the key can move from run to accessory?

MR. FRANKLIN: Object to form.

THE WITNESS: Yes.

(Gary Altman Dep., pp. 23-24)

248. Altman's admission simply demonstrates that Old GM and later New GM knew that the Defective Vehicles were dangerous but chose to do nothing about it.

IV. New GM Issues A Recall—Ten Years Too Late.

249. On February 7, 2014, New GM informed NHTSA that it was conducting Recall No. 14V-047 for certain 2005-2007 model year Chevrolet Cobalts and 2007 model year Pontiac G5 vehicles.

250. In its February 7, 2014, letter to NHTSA, New GM represented that as replacement ignition switches became available, New GM would replace the ignition switches on the Defective Vehicles with ignition switches with greater torque to prevent the unintended movement from the "run" to "accessory" position..

251. On February 19, 2014, a request for timeliness query was sent to NHTSA in connection with Recall No. 14V-047 ("timeliness query"). The timeliness query pointed out that New GM had failed to recall all of the vehicles with the defective ignition switches.

252. The February 19, 2014 timeliness query also asked NHTSA to investigate New GM's failure to fulfill its legal obligation to report the safety defects in the Defective Vehicles to NHTSA within five days of discovering the defect.

253. On February 24, 2014, New GM sent a letter informing NHTSA it was expanding the recall to include 2006-2007 model year (MY) Chevrolet HHR and Pontiac Solstice, 2003-2007 MY Saturn Ion, and 2007 MY Saturn Sky vehicles.

254. New GM included an Attachment to the February 24, 2014, letter. In the Attachment New GM, *for the first time,* admitted that Old GM had authorized a change in the ignition switch in 2006. Specifically, New GM stated:

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 91 of 337

> On April 26, 2006, the GM design engineer responsible for the Cobalt's ignition switch signed a document approving changes to the ignition switch proposed by the supplier, Delphi Mechatronics. The approved changes included, among other things, the use of a new detent plunger and spring that increased torque force in the ignition switch. This change to the ignition switch was not reflected in a corresponding change in the part number for the ignition switch. GM believes that the supplier began providing the re-designed ignition switch to GM at some point during the 2007 model year.

255. New GM then produced documents in response to Congressional requests leading up to hearings on April 1 and 2, 2014. Among the documents produced by New GM is a document titled, "GENERAL MOTORS COMMODITY VALIDATION SIGN-OFF," dated April 26, 2006. According to this document, Delphi had met all of the sign-off requirements in order to provide a new ignition switch for certain Old GM vehicles. New GM has acknowledged that the ignition switch in the Cobalt was included in this design change.

256. The design change included a new detent plunger "to increase torque force in the switch." DeGiorgio's signature is on this page as the Old GM authorized engineer who signed off on this change to the ignition switch.

257. This Commodity Validation Sign-Off shows that DeGiorgio repeatedly perjured himself during his deposition on April 29, 2013. DeGiorgio perjured himself in order to fraudulently conceal evidence from the Meltons that Old GM had signed off on the change in the ignition switch so that the Meltons, and ultimately a jury, would never know that Old GM had changed the switches in 2007 and later model year Cobalts and concealed these changes from Brooke Melton.

258. DeGiorgio perjured himself when he signed the errata sheet confirming that all the testimony was true and accurate.

259. On March 17, 2014, Mary T. Barra, General Motors' chief executive issued an internal video, which was broadcast to employees.[106] In the video, Ms. Barra admits:

> Scrutiny of the recall has expanded beyond the review by the federal regulators at NHTSA, the National Highway Traffic Safety Administration. As of now, two congressional committees have announced that they will examine the issue. And it's been reported that the Department of Justice is looking into this matter.… *These are serious developments that shouldn't surprise anyone*. After all, *something went wrong with our process in this instance and terrible things happened*.… The bottom line is, *we will be better because of this tragic situation*, if we seize the opportunity.… I ask everyone to stay focused on making today's GM the best it can be.

260. On March 28, 2014, New GM again expanded the first ignition switch recall to cover all model years of the Chevrolet Cobalt and HHR, the Pontiac G5 and Solstice and the Saturn Ion and Sky in the United States. This third expansion of the ignition switch recall covered an additional 824,000 vehicles in the U.S., bringing the number of recalled vehicles to 2,191,146.

V. New GM's Recall Fails to Correct the Defect.

261. Not only was New GM's recall ten years too late, it is completely insufficient to correct the safety-related defects in the Defective Vehicles.

262. The supposed fix implemented by New GM as part of the recall—replacing the ignition switch—is insufficient and does not adequately address the safety risks posed by the defect. The ignition key and switch remains prone to inadvertently move from "run" to "accessory." Replacing the ignition switch does not address the problem posed by the low position of the ignition on the steering cylinder. Even with New GM's alleged "fix," drivers of ordinary height can hit the ignition key with their knees during ordinary driving situations.

---

[106] *See* http://media.gm.com/media/us/en/gm/news.detail.html./content/ Pages/news/us/en/2014/mar/0317-video.html. (last visited March 21, 2014) (emphasis added).

Case 1:14-md-02543-JMF Document 179-1 Filed 07/31/14 Page 113 of 337

Such an impact may cause the ignition to move from the "run" to the "accessory" or "off" position while the vehicle is in operation, causing the vehicle to stall, the power brakes and power steeling to fail, and the airbags not to deploy in a collision.

263. Since at least the November 2004 PRTS inquiry, first Old and then New GM has known that simply replacing the ignition switches on the Defective Vehicles is not a solution to the potential for the key to inadvertently turn from the "run" to the "accessory/off" position in these vehicles.

264. New GM's recall fails to address the design defect that causes the key fob/chain to hang too low on the steering column.

265. Thus, even when the ignition switches are replaced, this defective condition will still exist in the Defective Vehicles and there continues to be the potential for a driver to contact the key chain and inadvertently turn the key from the "run" to the "accessory/off" position.

266. The recall is additionally insufficient because New GM is not replacing all of the keys in the Defective Vehicles with the redesigned key with a hole instead of a slot. Yet New GM's engineers have determined that the redesigned key would reduce the chance that the key could be inadvertently turned from the "run" to the "accessory/off" position.

267. The recall also fails to address the design defects in the Defective Vehicles which disables the airbag immediately upon the engine shutting off.

268. Although New GM began installing DeGiorgio's redesigned ignition switch in MY 2008 Defective Vehicles, later model year Defective Vehicles continue to experience non-deployment collision events. Undermining New GM's position is its own investigation

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 114 of 337

into the non-deployment events in Cobalts that identifies over 250 non-deploy crashes involving 2008-2010 Cobalts.

269. New GM's engineers understood that increasing the detent in the ignition switch alone was not a solution to the problem, but New GM concealed—and continues to conceal from the public, including the Class, the nature and extent of the defects, which the current recall will not cure.

VI. New GM Expands the February/March Recall—and Suspends Two Engineers.

270. On Wednesday, April 9, 2014, New GM issued a new recall of all the vehicles covered by the February/March ignition switch recall.

271. New GM's stated purpose for the new recall is to replace "lock cylinder" into which the key is inserted, because the current lock cylinders allow the key to be pulled out while the car is still running.

272. According to New GM, the defective lock cylinder could lead to "a possible roll-away, crash and occupant or pedestrian injuries."

273. The next day, April 10, 2014, New GM announced that it was suspending Ray DeGiorgio, the lead design engineer for the Cobalt and Ion ignition switch, and Gary Altman, GM's program-engineering manager for the Cobalt, for their respective roles in GM's safety failure. (The two have since been terminated in the wake of the Valukas Report.)

274. The April 10 announcement came after Ms. Barra, New GM's chief executive, was briefed on the results of former United States Attorney Anton R. Valukas internal investigation of the company, which was conducted in response to growing concerns regarding the safety of the Defective Vehicles.

275. Additionally, New GM also announced a new program entitled "Speak Up for Safety," which is intended to encourage New GM employees to report potential customer

safety issues. According to Ms. Barra, this program is being adopted because New "GM must embrace a culture where safety and quality come first." Unfortunately, these actions are too little, too late.

VII. The June 2014 Recall For The "Ignition Key Slot" Defect Further Reveals New GM's Fraudulent Concealment of Known Serious Safety Problems.

276. New GM sent further shockwaves through the automotive world when it announced, on June 23, 2014, that it was recalling 3,141,731 vehicles in the United States for ignition switch, or so-called "ignition key slot" defects (NHTSA Recall Number 14V- 355).

277. According to information on NHTSA's website, 2,349,095 of the vehicles subject to this recall were made by Old GM. 792,636 vehicles were made and/or sold by New GM.

278. The following Old GM vehicles were included in the June 23, 2014 recall: 2005-2009 Buick Lacrosse, 2006-2009 Chevrolet Impala, 2000-2005 Cadillac Deville, 2004-2009 Cadillac DTS, 2006-2011 Buick Lucerne, 2004-2005 Buick Regal LS and RS, and 2006-20009 Chevrolet Monte Carlo.

279. The recall notice states, "In the affected vehicles, the weight on the key ring and/or road conditions or some other jarring event may cause the ignition switch to move out of the run position, turning off the engine."

280. Further, "[i]f the key is not in the run position, the air bags may not deploy if the vehicle is involved in a crash, increasing the risk of injury. Additionally, a key knocked out of the run position could cause loss of engine power, power steering, and power braking, increasing the risk of a vehicle crash."

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 116 of 337

281. The vehicles included in this recall were built on the same platform and their defective ignition switches are likely due to weak detent plungers, just like the other Defective Vehicles recalled in February and March of 2014.

282. Old GM was long-aware of the ignition switch defect in these vehicles, and New GM was aware of the ignition switch defect in these vehicles from the date of its inception on July 11, 2009, as it acquired on that date all of the knowledge possessed by Old GM given the continuity in personnel, databases and operations from Old GM to New GM. In addition, New GM acquired additional information thereafter. The information, all of which was known to New GM, included the following facts:

i. In January of 2003, Old GM opened an internal investigation after it received complaints from a Michigan GM dealership that a customer had experienced a power failure while operating his model year 2003 Pontiac Grand Am.

ii. During the investigation, Old GM's Brand Quality Manager for the Grand Am visited the dealership and requested that the affected customer demonstrate the problem. The customer was able to recreate the shutdown event by driving over a speed bump at approximately 30-35 mph.

iii. The customer's key ring was allegedly quite heavy. It contained approximately 50 keys and a set of brass knuckles.

iv. In May 2003, Old GM issued a voicemail to dealerships describing the defective ignition condition experienced by the customer in the Grand Am. Old GM identified the relevant population of affected vehicles as the 1999-2003 Chevrolet Malibu, Oldsmobile Alero, and Pontiac Grand Am.

v. Old GM did not recall these vehicles. Nor did it provide owners and/or lessees with notice of the defective condition. Instead, its voicemail directed dealerships to pay attention to the key size and mass of the customer's key ring.

vi. On July 24, 2003, Old GM issued an engineering work order to increase the detent plunger force on the ignition switch for the 1999-2003 Chevrolet Malibu, Oldsmobile Alero, and Pontiac Grand Am vehicles. Old GM engineers allegedly increased the detent plunger force and changed the part number of the ignition switch. The new parts were installed beginning in the model year 2004 Malibu, Alero, and Grand Am vehicles.

vii. Old GM issued a separate engineering work order in March 2004 to increase the detent plunger force on the ignition switch in the Pontiac Grand Prix. Old GM engineers did not change the part number for the new Pontiac Grand Prix ignition switch.

viii. Then-Old GM design engineer Ray DeGiorgio signed the work order in March 2004 authorizing the part change for the Grand Prix ignition switch. DeGiorgio maintained his position as design engineer with New GM.

ix. On or around August 25, 2005, Laura Andres, an Old GM design engineer (who remains employed with New GM), sent an email describing ignition switch issues that she experienced while operating a 2006 Chevrolet Impala on the highway. Ms. Andres' email stated, "While driving home from work on my usual route, I was driving about 45 mph, where the road changes from paved to gravel & then back to paved, some of the gravel had worn away, and the pavement acted as a speed bump when I went over it. The car shut off. I took the car in for repairs. The technician thinks it might be the ignition detent, because in a road test in the parking lot it also shut off."

x. Old GM employee Larry S. Dickinson, Jr. forwarded Ms. Andres' email on August 25, 2005 to four Old GM employees. Mr. Dickinson asked, "Is this a condition we would expect to occur under some impacts?"

xi. On August 29, 2005, Old GM employee Jim Zito forwarded the messages to Ray DeGiorgio and asked, "Do we have any history with the ignition switch and far as it being sensitive to road bumps?"

xii. Mr. DeGiorgio responded the same day, stating, "To date there has never been any issues with the detents being too light."

xiii. On August 30, 2005, Ms. Andres sent an email to Old GM employee Jim Zito and copied ten other Old GM employees, including Ray DeGiorgio. Ms. Andres, in her email, stated, "I picked up the vehicle from repair. No repairs were done. . . . The technician said there is nothing they can do to repair it. He said it is just <u>the design of the switch</u>. He said other switches, like on the trucks, have a stronger detent and don't experience this."

xiv. Ms. Andres' email continued: "I think this is a serious safety problem, especially if this switch is on multiple programs. I'm thinking big recall. I was driving 45 mph when I hit the pothole and the car shut off and I had a car driving behind me that swerved around me. I don't like to imagine a customer driving with their kids in the back seat, on I-75 and hitting a pothole, in rush-hour traffic. I think you should seriously consider changing this part to a switch with a stronger detent."

xv. Ray DeGiorgio, who reportedly designed the ignition switches installed in the 2006 Chevrolet Impala vehicles, replied to Ms. Andres' email, stating that he had recently driven a 2006 Impala and "did not experience this condition."

283. On or after July 11, 2009, senior executives and engineers at New GM knew that some of the information relayed to allay Ms. Andres' concerns was inaccurate. For example, Ray DeGiorgio knew that there had been "issues with detents being too light." Instead of relaying those "issues," Mr. DeGiorgio falsely stated that there were no such "issues."

284. New GM has tried to characterize the recall of these 3.14 million vehicles as being different than the recall for the ignition switch defect in the Cobalts and other Defective Ignition Switch Vehicles when in reality and for all practical purposes it is for exactly the same defect that creates exactly the same safety risks. New GM has attempted to label and describe the ignition key slot defect as being different in order to provide it with cover and an explanation for why it did not recall these 3.14 million vehicles much earlier, and why it is not providing a new ignition switch and other remedies for the 3.14 million vehicles.

285. From 2001 to the present, Old GM and New GM received numerous reports from consumers regarding complaints, crashes, injuries and deaths linked to this safety defect. The following are examples of just a few of the many reports and complaints regarding the defect:

286. For example, on January 23, 2001, Old GM became aware of a complaint filed with NHTSA involving a 2000 Cadillac Deville and an incident that occurred on January 23, 2001, in which the following was reported:

> "COMPLETE ELECTRICAL SYSTEM AND ENGINE SHUTDOWN WHILE DRIVING. HAPPENED THREE DIFFERENT TIMES TO DATE. DEALER IS UNABLE TO DETERMINE CAUSE OF FAILURE. THIS CONDITION DEEMED TO BE EXTREMELY HAZARDOUS BY OWNER." NHTSA ID Number: 739850

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 120 of 337

287. On June 12, 2001, Old GM became aware of a complaint filed with NHTSA involving a 2000 Cadillac Deville and an incident that occurred on June 12, 2001, in which the following was reported:

> "INTEERMITTENTLY AT 60MPH VEHICLE WILL STALL OUT AND DIE. MOST TIMES VEHICLE WILL START UP IMMEDIATELY AFTER. DEALER HAS REPLACED MAIN CONSOLE 3 TIMES, AND ABS BRAKES. BUT, PROBLEM HAS NOT BEEN CORRECTED. MANUFACTURER HAS BEEN NOTIFIED.*AK" NHTSA ID Number: 890227

288. On January 27, 2003, Old GM became aware of a complaint filed with NHTSA involving a 2001 Cadillac Deville and an incident that occurred on January 27, 2003, in which the following was reported:

> "WHILE DRIVING AT HIGHWAY SPEED ENGINE SHUTDOWN, CAUSING AN ACCIDENT. PLEASE PROVIDE ANY ADDITIONAL INFORMATION.*AK" NHTSA ID Number: 10004759

289. On September 18, 2007, Old GM became aware of a complaint filed with NHTSA involving a 2006 Chevrolet Impala and an incident that occurred on September 15, 2006, in which it was reported that:

> "TL*THE CONTACTS SON OWNS A 2006 CHEVROLET IMPALA. WHILE DRIVING APPROXIMATELY 33 MPH AT NIGHT, THE CONTACTS SON CRASHED INTO A STALLED VEHICLE. HE STRUCK THE VEHICLE ON THE DRIVER SIDE DOOR AND NEITHER THE DRIVER NOR THE PASSENGER SIDE AIR BAGS DEPLOYED. THE DRIVER SUSTAINED MINOR INJURIES TO HIS WRIST. THE VEHICLE SUSTAINED MAJOR FRONT END DAMAGE. THE DEALER WAS NOTIFIED AND STATED THAT THE CRASH HAD TO HAVE BEEN A DIRECT HIT ON THE SENSOR. THE CURRENT AND FAILURE MILEAGES WERE 21,600. THE CONSUMER STATED THE AIR BAGS DID NOT DEPLOY. THE CONSUMER PROVIDED PHOTOS OF THE VEHICLE. UPDATED 10/10/07 *TR" NHTSA ID Number: 10203350

290. On April 02, 2009, GM became aware of a complaint filed with NHTSA involving a 2005 Buick LaCrosse and an incident that occurred on April 02, 2009, in which the following was reported:

> "POWER STEERING WENT OUT COMPLETELY, NO WARNING JUST OUT. HAD A VERY HARD TIME STEERING CAR. LUCKY KNOW ONE WAS HURT. *TR" NHTSA ID Number: 10263976

291. The reports regarding the defect continued to be reported to New GM. For example, on February 15, 2010, New GM became aware of a complaint filed with NHTSA involving a 2008 Buick LaCrosse and an incident that occurred on February 13, 2010, in which a driver reported:

> "WHILE DRIVING AT 55MPH I RAN OVER A ROAD BUMP AND MY 2008 BUICK LACROSSE SUPER SHUT OFF(STALLED). I COASTED TO THE BURM, HIT BRAKES TO A STOP. THE CAR STARTED ON THE FIRST TRY. CONTINUED MY TRIP WITH NO INCIDENCES. TOOK TO DEALER AND NO CODES SHOWED IN THEIR COMPUTER. CALLED GM CUSTOMER ASSISTANCE AND THEY GAVE ME A CASE NUMBER. NO BULLETINS. SCARY TO DRIVE. TRAFFIC WAS LIGHT THIS TIME BUT MAY NOT BE THE NEXT TIME. *TR." NHTSA ID Number: 10310692

292. On April 21, 2010, New GM became aware of a complaint filed with NHTSA involving a 2006 Buick Lucerne and an incident that occurred on March 22, 2010, in which the following was reported:

> "06 BUICK LUCERNE PURCHASED 12-3-09, DIES OUT COMPLETELY WHILE DRIVING AT VARIOUS SPEEDS. THE CAR HAS SHUT OFF ON THE HIGHWAY 3 TIMES WITH A CHILD IN THE CAR. IT HAS OCCURRED A TOTAL OF 7 TIMES BETWEEN1-08-10 AND 4-17-10. THE CAR IS UNDER FACTORY WARRANTY AND HAS BEEN SERVICED 7 TIMES BY 3 DIFFERENT BUICK DEALERSHIPS. *TR" NHTSA ID Number: 10326754

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 122 of 337

293. On April 29, 2010, New GM became aware of a complaint filed with NHTSA involving a 2005 Buick LaCrosse and an incident that occurred on March 21, 2010, in which it was reported that:

> "TRAVELING ON INTERSTATE 57 DURING DAYTIME HOURS. WHILE CRUISING AT 73 MILES PER HOUR IN THE RIGHT HAND LANE, THE VEHICLE SPUTTERED AND LOST ALL POWER. I COASTED TO A STOP OFF THE SIDE OF THE ROAD. I RESTARTED THE VEHICLE AND EVERYTHING SEEMED OK, SO I CONTINUED ON. A LITTLE LATER IT SPUTTERED AGAIN AND STARTED LOSING POWER. THE POWER CAME BACK BEFORE IT CAME TO A COMPLETE STOP. I CALLED ON STAR FOR A DIAGNOSTIC CHECK AND THEY TOLD ME I HAD A FUEL SYSTEM PROBLEM AND THAT IF THE CAR WOULD RUN TO CONTINUE THAT IT WAS NOT A SAFETY ISSUE. THEY TOLD ME TO TAKE IT TO A DEALER FOR REPAIRS WHEN I GOT HOME. I TOOK THE CAR WORDEN-MARTEN SERVICE CENTER FOR REPAIRS ON MARCH 23RD. TO REPAIR THE CAR THEY: 1.REPLACED CAT CONVERTER AND OXYGEN SENSOR 125CGMPP- $750.47 A SECOND INCIDENT OCCURRED WHILE TRAVELING ON INTERSTATE 57 DURING DAYTIME HOURS. I WAS PASSING A SEMI TRACTOR TRAILER WITH THREE CARS FOLLOWING ME WHILE CRUISING AT 73 MILES PER HOUR WHEN THE VEHICLE SPUTTERED AND LOST ALL POWER PUTTING ME IN A VERY DANGEROUS SITUATION. THE VEHICLE COASTED DOWN TO ABOUT 60 MILES PER HOUR BEFORE IT KICKED BACK IN. I IN THE MEAN TIME HAD DROPPED BACK BEHIND THE SEMI WITH THE THREE CARS BEHIND ME AND WHEN I COULD I PULLED BACK INTO THE RIGHT HAND LANE. THIS WAS A VERY DANGEROUS SITUATION FOR ME AND MY WIFE. I CALLED ON STAR FOR A DIAGNOSTIC CHECK AND THEY TOLD ME THAT EVERYTHING WAS OK. I TOOK THE CAR WORDEN-MARTEN SERVICE CENTER FOR REPAIRS AGAIN ON APRIL 19TH TO REPAIR THE CAR THEY: 1.REPLACED MASS -AIR FLOW UNIT AND SENSOR $ 131.39 WHO KNOWS IF IT IS FIXED RIGHT THIS TIME? THIS WAS A VERY DANGEROUS SITUATION TO BE IN FOR THE CAR TO FAIL. *TR" NHTSA ID Number: 10328071

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 123 of 337

294. On June 2, 2010, New GM became aware of a complaint filed with NHTSA involving a 2007 Buick LaCrosse and an incident that occurred on March 1, 2010, in which the following was reported:

> "2007 BUICK LACROSSE SEDAN. CONSUMER STATES MAJOR SAFETY DEFECT. CONSUMER REPORTS WHILE DRIVING THE ENGINE SHUTDOWN 3 TIMES FOR NO APPARENT REASON *TGW" NHTSA ID Number: 10334834

295. On February 20, 2014, New GM became aware of a complaint filed with NHTSA involving a 2006 Chevrolet Monte Carlo and an incident that occurred on January 16, 2014, in which the following was reported:

> "I WAS DRIVING GOING APPROXIMATELY 45 MPH, I HIT A POT HOLE AND MY VEHICLE CUT OFF. THIS HAS HAPPENED THREE TIMES SINCE JANUARY. THE SAME THING HAPPENED THE SECOND TIME. THE LAST TIME IT OCCURRED WAS TUESDAY, FEBRUARY 18. THIS TIME I WAS ON THE EXPRESSWAY TRAVELING APPROXIMATELY 75 MPH, HIT A BUMP AND IT CUT OFF. THE CAR STARTS BACK UP WHEN I PUT IT IN NEUTRAL. *TR" NHTSA ID Number: 10565104

296. On March 3, 2014, New GM became aware of a complaint filed with NHTSA involving a 2006 Chevrolet Impala and an incident that occurred on February, 29, 2012, in which the following was reported:

> "I WAS DRIVING MY COMPANY ASSIGNED CAR DOWN A STEEP HILL WHEN THE ENGINE STALLED WITHOUT WARNING. THIS HAS HAPPENED 5 OTHER TIMES WITH THIS VEHICLE. THIS WAS THE FIRST TIME I WAS TRAVELING FAST THOUGH. IT'S LIKE THE ENGINE JUST TURNS OFF. THE LIGHTS ARE STILL ON BUT I LOSE THE POWER STEERING AND BRAKES. IT WAS TERRIFYING AND EXTREMELY DANGEROUS. THIS PROBLEM HAPPENS COMPLETELY RANDOMLY WITH NO WARNING. IT HAS HAPPENED TO OTHERS IN MY COMPANY WITH THEIR IMPALAS. I LOOKED ONLINE AND FOUND NUMEROUS OTHER INSTANCES OF CHEVY IMPALAS OF VARIOUS MODEL YEARS DOING THE SAME THING. IT IS CURRENTLY IN THE REPAIR SHOP AND THE

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 124 of 337

> MECHANIC CAN'T DUPLICATE THE PROBLEM. I TOLD THEM ITS RANDOM AND OCCURS ABOUT EVERY 4 MONTHS OR SO. I AM AFRAID I WILL HAVE TO GET BACK IN THIS DEATH TRAP DUE TO MY EMPLOYER MAKING ME. PLEASE HELP- I DON'T WANT TO DIE BECAUSE CHEVROLET HAS A PROBLEM WITH THEIR ELECTRICAL SYSTEMS IN THEIR CARS. *TR" NHTSA ID Number: 10567458

297. On March 11, 2014, New GM became aware of a complaint filed with NHTSA involving a 2007 Cadillac DTS and an incident that occurred on January 27, 2013, in which the following was reported:

> "ENGINE STOPPED. ALL POWER EQUIPMENT CEASED TO FUNCTION. I WAS ABLE TO GET TO THE SIDE OF THE FREEWAY. PUT THE CAR IN NEUTRAL, TURNED THE KEY AND THE CAR STARTED AND CONTINUED FOR THE DURATION OF THE 200 MILE TRIP. THE SECOND TIME APPROXIMATELY THREE WEEKS AGO MY WIFE WAS DRIVING IN HEAVY CITY TRAFFIC WHEN THE SAME PROBLEM OCCURRED AND SHE LOST THE USE OF ALL POWER EQUIPMENT. SHE WAS ABLE TO PUT THE CAR IN PARK AND GET IT STARTED AGAIN WITHOUT INCIDENT. I CALLED GM COMPLAINT DEPARTMENT. THEY INSTRUCTED ME TO TAKE THE CAR TO A DEALERSHIP AND HAVE A DIAGNOSTIC TEST DONE ON IT. THIS WAS DONE AND NOTHING WAS FOUND TO BE WRONG WITH THE VEHICLE. I AGAIN CALLED CADILLAC COMPLAINT DEPARTMENT AND OPENED A CASE. THIS TIME I WAS TOLD TO TAKE THE CAR BACK TO THE DEALERSHIP AND ASK THE SERVICE DEPARTMENT TO RECHECK IT. I INFORMED THEM I HAVE THE DIAGNOSTIC REPORT SHOWING NOTHING WRONG WAS FOUND. THEY SUGGESTED I TAKE IT BACK AND HAVE THE SERVICE PEOPLE DRIVE THE CAR. THIS DIDN'T MAKE ANY SENSE BECAUSE I DON'T KNOW WHEN AND WHERE THE PROBLEM WILL OCCUR AGAIN. WHAT WAS I TO DO FOR A CAR WHILE THE DEALERSHIP HAD MINE? I INQUIRED OF THE CADILLAC REPRESENTATIVE IF THIS CAR MAY HAVE THE SAME IGNITION AS THE CARS CURRENTLY BEING RECALLED BY GM. THEY WERE UNABLE TO ANSWER THAT QUESTION. THEY FINALLY STATED THE ONLY REMEDY WAS TO TAKE IT BACK TO THE DEALERSHIP. IF THIS PROBLEM OCCURS AGAIN SOMEONE COULD EASILY GET INJURED OR KILLED. I

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 125 of 337

> WOULD APPRECIATE ANY ASSISTANCE YOU CAN GIVE ME ON HOW TO RESOLVE THIS MATTER." NHTSA ID Number: 10568491

298. On March 19, 2014, New GM became aware of a complaint filed with NHTSA involving a 2006 Buick LaCrosse and an incident that occurred on March 15, 2014, in which the following was reported:

> "WHILE DRIVING UP A LONG INCLINE ON I-10 VEHICLE BEHAVED AS IF THE IGNITION HAD BEEN TURNED OFF AND KEY REMOVED. IE: ENGINE OFF, NO LIGHTS OR ACCESSORIES, NO WARNING LIGHTS ON DASH. TRAFFIC WAS HEAVY AND MY WIFE WAS FORTUNATE TO SAFELY COAST INTO SHOULDER. INCIDENT RECORDED WITH BUICK, HAVE REFERENCE NUMBER. *TR" NHTSA ID Number: 10573586

299. On June 20, 2014, New GM became aware of a complaint filed with NHTSA involving a 2008 Buick LaCrosse and an incident that occurred on August 30, 2013, in which the following was reported:

> "THE IGNITION CONTROL MODULE (NOT THE IGNITION SWITCH) FAILED SUDDENLY WHILE DRIVING ON THE HIGHWAY, CAUSING THE ENGINE TO SHUT OFF SUDDENLY AND WITHOUT WARNING. THE CAR WAS TRAVELING DOWNHILL, SO THE INITIAL INDICATION WAS LOSS OF POWER STEERING. I WAS ABLE TO PULL ONTO THE SHOULDER AND THEN REALIZED THAT THE ENGINE HAD DIED AND WOULD NOT RESTART. WHILE NO CRASH OR INJURY OCCURRED, THE POTENTIAL FOR A SERIOUS CRASH WAS QUITE HIGH." NHTSA ID Number: 10604820

300. On July 1, 2014, New GM became aware of a complaint filed with NHTSA involving a 2006 Buick LaCrosse and an incident that occurred on October 25, 2012, in which the following was reported:

> "TRAVELING 40 MPH ON A FOUR LANE ABOUT TO PASS A TRUCK. MOTOR STOPPED, POWER STEERING OUT, POWER BRAKES OUT, MANAGED TO COAST ACROSS THREE LANES TO SHOULDER TO PARK. WALKED 1/4

> MILES TO STORE CALLED A LOCAL GARAGE. CAR STILL WOULD NOT START, TOWED TO HIS GARAGE. CHECKED GAS, FUEL PRESSURE OKAY BUT NO SPARK. MOVED SOME CONNECTORS AROUND THE STARTING MODULE AND CAR STARTED. HAVE NOT HAD ANY PROBLEMS SINCE, HAVE THE FEAR THAT I WILL BE ON A CHICAGO TOLL ROAD AND IT WILL STOP AGAIN." NHTSA ID Number: 10607535

301. On July 12, 2014, New GM became aware of a complaint filed with NHTSA involving a 2009 Chevrolet Impala and an incident that occurred on March 19, 2010, in which the following was reported:

> "I HAD JUST TURNED ONTO THIS ROAD, HAD NOT EVEN GONE A MILE. NO SPEED, NO BLACK MARKS, CAR SHUTDOWN RAN OFF THE ROAD AND HIT A TREE STUMP. TOTAL THE CAR. THE STEERING WHEEL WAS BENT ALMOST IN HALF. I HAVE PICTURES OF THE CAR. I GOT THIS CAR NEW, SO ALL MILES WE'RE PUT ON IT BY ME. I BROKE MY HIP, BACK, KNEE, DISLOCATED MY ELBOW, CRUSHED MY ANKLE AND FOOT. HAD A HEAD INJURY, A DEFLATED LUNG. I WAS IN THE HOSPITAL FOR TWO MONTHS AND A NURSING HOME FOR A MONTH. I HAVE HAD 14 SURGERIES. STILL NOT ABLE TO WORK OR DO A LOT OF THINGS FOR MY SELF. WITH THE RECALLS SHOWING THE ISSUES OF THE ENGINE SHUTTING OFF, I NEED THIS LOOKED INTO." NHTSA ID Number: 10610093

302. On July 24, 2014, New GM became aware of a complaint filed with NHTSA involving a 2008 Buick LaCrosse and an incident that occurred on July 15, 2014, in which the following was reported:

> "WHILE DRIVING NORTH ON ALTERNATE 69 HIGHWAY AT 65 MPH AT 5:00 P.M., MY VEHICLE ABRUPTLY LOSS POWER EVEN THOUGH I TRIED TO ACCELERATE. THE ENGINE SHUT OFF SUDDENLY AND WITHOUT WARNING. VEHICLE SLOWED TO A COMPLETE STOP. I WAS DRIVING IN THE MIDDLE LANE AND WAS UNABLE TO GET IN THE SHOULDER LANE BECAUSE I HAD NO PICKUP (UNABLE TO GIVE GAS TO ACCELERATE) SO MY HUSBAND AND I WERE CAUGHT IN FIVE 5:00 TRAFFIC WITH CARS WHIPPING AROUND US ON BOTH SIDES AND

> MANY EXCEEDING 65 MPH. I PUT ON MY EMERGENCY LIGHTS AND IMMEDIATELY CALLED ON-STAR. I WAS UNABLE TO RESTART THE ENGINE. THANK GOD FOR ON-STAR BECAUSE FROM THAT POINT ON, I WAS IN TERROR WITNESSING CARS COMING UPON US NOT SLOWING UNTIL THEY REALIZED I WAS AT A STAND STILL WITH LIGHTS FLASHING. THE CARS WOULD SWERVE TO KEEP FROM HITTING US. IT TOOK THE HIGHWAY PATROL AND POLICE 15 MINUTES TO GET TO US BUT DURING THAT TIME, I RELIVED VISIONS OF US BEING KILLED ON THE HIGHWAY. I CANÂ€™T DESCRIBE THE HORROR, LOOKING OUT MY REAR VIEW MIRROR, WITNESSING OUR DEMISE TIME AFTER TIME. THOSE 15 MINUTES SEEMED LIKE AN ETERNITY. WHEN THE HIGHWAY PATROL ARRIVED THEY CLOSED LANES AND ASSISTED IN PUSHING CAR OUT OF THE HIGHLY TRAFFIC LANES. IT TOOK MY HUSBAND AND I BOTH TO TURN THE STEERING WHILE IN NEUTRAL. THE CAR WAS TOWED TO CONKLIN FANGMAN KC DEALERSHIP AND I HAD TO REPLACE IGNITION COIL AND MODULE THAT COST ME $933.16. THEY SAID THESE PARTS WERE NOT ON THE RECALL LIST, WHICH I HAVE FOUND OUT SINCE THEN GM HAS PUT DEALERSHIPS ON NOTICE OF THIS PROBLEM. IT HAS SOMETHING TO DO WITH SUPPLYING ENOUGH MANUFACTURED PARTS TO TAKE CARE OF RECALL. IF I COULD AFFORD TO PURCHASE ANOTHER CAR I WOULD BECAUSE I DONÂ€™T FEEL SAFE ANY LONGER IN THIS CAR. EMOTIONALLY I AM STILL SUFFERING FROM THE TRAUMA.” NHTSA ID Number: 10604820

303. Notwithstanding New GM’s recall, the reports and complaints relating to this defect have continued to pour into New GM. Such complaints and reports indicate that New GM’s proffered recall “fix” does not work.

304. For example, on August 2, 2014, New GM became aware of a complaint filed with NHTSA involving a 2006 Buick LaCrosse and an incident that occurred on July 12, 2014, in which the following was reported:

> “WHILE TRAVELING IN THE FAST LANE ON THE GARDEN STATE PARKWAY I HIT A BUMP IN THE ROAD, THE AUTO SHUT OFF.WITH A CONCRETE DIVIDER ALONG SIDE AND AUTOS APPROACHING AT HIGH

> SPEED, MY WIFE AND DAUGHTER SCREEMING I MANAGED TO GET TO THE END OF THE DIVIDER WERE I COULD TURN OFF THE AUTO RESTARTED ON 1ST TRY BUT VERY SCARY." NHTSA ID Number: 10618391

305. On August 18, 2014, New GM became aware of a complaint filed with NHTSA involving a 2007 Buick LaCrosse and an incident that occurred on August 18, 2014, in which the following was reported:

> "TL* THE CONTACT OWNS A 2007 BUICK LACROSSE. THE CONTACT STATED WHILE DRIVING APPROXIMATELY 60 MPH, SHE HIT A POT HOLE AND THE VEHICLE STALLED. THE VEHICLE COASTED TO THE SHOULDER OF THE ROAD. THE VEHICLE WAS RESTARTED AND THE CONTACT WAS ABLE TO DRIVE THE VEHICLE AS NORMAL. THE CONTACT RECEIVED A RECALL NOTICE UNDER NHTSA CAMPAIGN NUMBER: 14V355000 (ELECTRICAL SYSTEM), HOWEVER THE PARTS NEEDED FOR THE REPAIRS WAS UNAVAILABLE. THE VEHICLE WAS NOT REPAIRED. THE MANUFACTURER WAS NOT NOTIFIED OF THE FAILURE. THE APPROXIMATE FAILURE MILEAGE WAS 110,000." NHTSA ID Number: 10626067

306. On August 20, 2014, New GM became aware of complaint filed with NHTSA involving a 2007 Chevrolet Impala and an incident that occurred on August 6, 2014, in which it was reported that:

> "TL* THE CONTACT OWNS A 2007 CHEVROLET IMPALA. THE CONTACT STATED THAT WHILE DRIVING 25 MPH, THE VEHICLE STALLED WITHOUT WARNING. THE CONTACT RECEIVED A NOTIFICATION FOR RECALL NHTSA CAMPAIGN NUMBER: 14V355000 (ELECTRICAL SYSTEM). THE VEHICLE WAS TAKEN TO AN INDEPENDENT MECHANIC WHERE THE TECHNICIAN ADVISED THE CONTACT TO REMOVE THE KEY FOB AND ANY OTHER OBJECTS. THE VEHICLE WAS NOT REPAIRED. THE MANUFACTURER WAS MADE AWARE OF THE FAILURE. THE FAILURE MILEAGE WAS 79,000." NHTSA ID Number: 10626659

307. On August 27, 2014, New GM became aware of the following complaint filed with NHTSA involving a 2008 Chevrolet Impala and an incident that occurred on August 27, 2014, in which it was reported that:

> "TL-THE CONTACT OWNS A 2008 CHEVROLET IMPALA. THE CONTACT STATED WHILE DRIVING APPROXIMATELY 50 MPH, THE VEHICLE LOST POWER AND THE STEERING WHEEL SEIZED WITHOUT WARNING. AS A RESULT, THE CONTACT CRASHED INTO A POLE AND THE AIR BAGS FAILED TO DEPLOY. THE CONTACT SUSTAINED A CONCUSION, SPRAINED NECK, AND WHIPLASH WHICH REQUIRED MEDICAL ATTENTION. THE POLICE WAS NOT FILED. THE VEHICLE WAS TOWED TO A TOWING COMPANY. THE CONTACT RECEIVED NOTIFICATION OF NHTSA CAMPAIGN ID NUMBER: 14V355000 (ELECTRICAL SYSTEM), HOWEVER THE PARTS ARE NOT AVAILABLE TO PERFORM THE REPAIRS. THE VEHICLE WAS NOT REPAIRED. THE MANUFACTURER WAS NOT NOTIFIED OF THE FAILURE. THE APPROXIMATE FAILURE MILEAGE WAS 70,000. MF." NHTSA ID Number: 10628704.

308. Old GM and later New GM knew that this serious safety defect existed for years yet did nothing to warn the public or even attempt to correct the defect in these vehicles until late June of 2014 when New GM finally made the decision to implement a recall.

309. The "fix" that New GM plans as part of the recall is to modify the ignition key from a "slotted" key to "hole" key." This is insufficient and does not adequately address the safety risks posed by the defect. The ignition key and switch remain prone to inadvertently move from the "run" to the "accessory" position. Simply changing the key slot or taking other keys and fobs off of key rings is New GM's attempt to make consumers responsible for the safety of GM-branded vehicles and to divert its own responsibility to make GM-branded vehicles safe. New GM's "fix" does not adequately address the inherent dangers and safety threats posed by the defect in the design. In addition, New GM is not addressing the other design issues that create safety risks in connection with this defect. New GM is not altering

the algorithm that prevents the airbags from deploying when the ignition leaves the "run" position even when the vehicle is moving at high speed. And New GM is not altering the placement of the ignition switch in an area where the driver's knees may inadvertently cause the ignition to move out of the "run" position.

310. Further, as of the date of this filing, New GM has not even begun to implement this "fix," leaving owners and lessees in these vehicles exposed to the serious safety risks posed by moving stalls and the accompanying effects on powering steering, power brakes, and the vehicle's airbags.

VIII. The July 2 and 3, 2014 Recalls Relating to the Unintended Ignition Rotation Defect Further Reveal New GM's Fraudulent Concealment of Known Serious Safety Problems.

311. On July 2, 2014, New GM recalled 554,328 vehicles in the United States for ignition switch defects (Recall Number 14V-394). The July 2 recall applied to the 2003-2014 Cadillac CTS and the 2004-2006 Cadillac SRX.

312. The recall notice explains that the weight on the key ring and/or road conditions or some other jarring event may cause the ignition switch to move out of the "run" position, turning off the engine. Further, if the key is not the in the "run" position, the airbags may not deploy in the event of a collision, increasing the risk of injury.

313. On July 3, 2014, New GM recalled 6,729,742 additional vehicles in the United States for ignition switch defects (Recall No. 14V-400).

314. The following Old GM vehicles were included in this recall: 1997-2005 Chevrolet Malibu, 2000-2005 Chevrolet Impala, 2000-2005 Chevrolet Monte Carlo, 2000-2005 Pontiac Grand Am, 2004-2008 Pontiac Grand Prix, 1998-2002 Oldsmobile Intrigue, and 1999-2004 Oldsmobile Alero.

315. The recall notice states that the weight on the key and/or road conditions or some other jarring event may cause the ignition switch to move out of the "run" position, turning off the engine. If the key is not in the "run" position, the airbags may not deploy if the vehicle is involved in a collision, increasing the risk of injury.

316. In both of these recalls, New GM notified NHTSA and the public that the recall was intended to address a defect involving unintended or "inadvertent key rotation" within the ignition switch of the vehicles. As with the ignition key defect announced June 20, however, the defects for which these vehicles have been recalled is directly related to the ignition switch defect in the Cobalt and other Defective Ignition Switch Vehicles and involves the same safety risks and dangers.

317. Based on information on NHTSA's website, 175,896 of the recalled vehicles were manufactured by Old GM. 108,174 of the vehicles were manufactured and sold by New GM.

318. Once again, the unintended ignition rotation defect is substantially similar to and relates directly to the other ignition switch defects, including the defects that gave rise to the initial recall of 2.1 million Cobalt and other vehicles in February and March of 2014. Like the other ignition switch defects, the unintended ignition key rotation defect poses a serious and dangerous safety risk because it can cause a vehicle to stall while in motion by causing the key in the ignition to inadvertently move from the "on" or "run" position to "off" or "accessory position." Like the other ignition switch defects, the unintended ignition key rotation defect can result in a loss of power steering, power braking and increase the risk of a crash. And as with the other ignition switch defects, if a crash occurs, the airbags will not deploy because of the unintended ignition key rotation defect.

319. The unintended ignition key rotation defect involves several problems, and they are identical to the problems in the other Defective Vehicles: a weak detent plunger, the low positioning of the ignition on the steering column, and the algorithm that renders the airbags inoperable when the vehicle leaves the "run" position.

320. The 2003-2006 Cadillac CTS and the 2004-2006 Cadillac SRX use the same Delphi switch and have inadequate torque for the "run"-"accessory" direction of the key rotation. This was known to Old and New GM, and was the basis for a change that was made to a stronger detent plunger for the 2007 and later model years of the SRX model. The 2007 and later CTS vehicles used a switch manufactured by Dalian Alps.

321. In 2010, New GM changed the CTS key from a "slot" to a "hole" design to "reduce an observed nuisance" of the key fob contacting the driver's leg. But in 2012, a New GM employee reported two running stalls of a 2012 CTS that had a "hole" key and the stronger detent plunger switch. When New GM did testing in 2014 of the "slot" versus "hole" keys, it confirmed that the weaker detent plunger-equipped switches used in the older CTS and SRX could inadvertently move from "run" to "accessory" or "off" when the "vehicle goes off road or experience some other jarring event."

322. GM has tried to characterize the recall of these 7.3 million vehicles as being different than the other ignition switch defects ***even though*** these recalls are aimed at addressing the same defects and safety risks as those that that gave rise to the other ignition switch defect recalls. New GM has attempted to portray the unintended ignition key rotation defect as being different from the ignition switch defect in order to deflect attention from the severity and pervasiveness of the ignition switch defect and to try to provide a story and

plausible explanation for why it did not recall these 7.3 million vehicles much earlier, and to avoid providing new, stronger ignition switches as a remedy.

323. From 2002 to the present, Old GM and New GM received numerous reports from consumers regarding complaints, crashes, injuries and deaths linked to this safety defect. The following are just a handful of examples of some of the reports known to Old GM and New GM:

324. On September 16, 2002, Old GM became aware of a complaint filed with NHTSA regarding a 2002 Oldsmobile Intrigue involving an incident that occurred on March 16, 2002, in which the following was reported:

> "WHILE DRIVING AT 30 MPH CONSUMER RAN HEAD ON INTO A STEEL GATE, AND THEN HIT THREE TREES. UPON IMPACT, NONE OF THE AIR BAGS DEPLOYED. CONTACTED DEALER. PLEASE PROVIDE FURTHER INFORMATION. *AK" **NHTSA ID Number:** 8018687.

325. On November 22, 2002, Old GM became aware of complaint filed with NHTSA involving a 2003 Cadillac CTS involving an incident that occurred on July 1, 2002, in which it was reported that:

> "THE CAR STALLS AT 25 MPH TO 45 MPH, OVER 20 OCCURANCES, DEALER ATTEMPTED 3 REPAIRS. DT" NHTSA ID Number: 770030.

326. On January 21, 2003, Old GM became aware of a complaint filed with NHTSA involving a 2003 Cadillac CTS, in which the following was reported:

> "WHILE DRIVING AT ANY SPEED,THE VEHICLE WILL SUDDENLY SHUT OFF. THE STEERING WHEEL AND THE BRAKE PEDAL BECOMES VERY STIFF. CONSUMER FEELS ITS VERY UNSAFE TO DRIVE. PLEASE PROVIDE ANY FURTHER INFORMATION." NHTSA ID Number: 10004288.

327. On June 30, 2003, Old GM became aware of a complaint with NHTSA regarding a 2001 Oldsmobile Intrigue which involved the following report:

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 134 of 337

> "CONSUMER NOTICED THAT WHILE TRAVELING DOWN HILL AT 40-45 MPH BRAKES FAILED, CAUSING CONSUMER TO RUN INTO THREES AND A POLE. UPON IMPACT, AIR BAGS DID NOT DEPLOY. *AK" **NHTSA ID Number:** 10026252.

328. On March 11, 2004, Old GM became aware of a complaint filed with NHTSA involving a 2004 Cadillac CTS involving an incident occurred on March 11, 2004, in which the following was reported:

> "CONSUMER STATED WHILE DRIVING AT 55-MPH VEHICLE STALLED, CAUSING CONSUMER TO PULL OFF THE ROAD. DEALER INSPECTED VEHICLE SEVERAL TIMES, BUT COULD NOT DUPLICATE OR CORRECT THE PROBLEM. *AK" NHTSA ID Number: 10062993.

329. On March 11, 2004, Old GM became aware of a complaint with NHTSA regarding a 2003 Oldsmobile Alero incident that occurred on July 26, 2003, in which the following was reported:

> "THE VEHICLE DIES. WHILE CRUISING AT ANY SPEED, THE HYDRAULIC BRAKES & STEERING FAILED DUE TO THE ENGINE DYING. THERE IS NO SET PATTERN, IT MIGHT STALL 6 TIMES IN ONE DAY, THEN TWICE THE NEXT DAY. THEN GO 4 DAYS WITH NO OCURRENCE, THEN IT WILL STALL ONCE A DAY FOR 3 DAYS. THEN GO A WEEK WITH NO OCURRENCE, THEN STALL 4 TIMES A DAY FOR 5 DAYS, ETC., ETC. IN EVERY OCURRENCE, IT TAKES APPROXIMATELY 10 MINUTES BEFORE IT WILL START BACK UP. AT HIGH SPEEDS, IT IS EXTREMELY TOO DANGEROUS TO DRIVE. WE'VE TAKEN IT TO THE DEALER, UNDER EXTENDED WARRANTY, THE REQUIRED 4 TIMES UNDER THE LEMON LAW PROCESS. THE DEALER CANNOT ASCERTAIN, NOR FIX THE PROBLEM. IT HAPPENED TO THE DEALER AT LEAST ONCE WHEN WE TOOK IT IN. I DOUBT THEY WILL ADMIT IT, HOWEVER, MY WIFE WAS WITNESS. THE CAR IS A 2003. EVEN THOUGH I BOUGHT IT IN JULY 2003, IT WAS CONSIDERED A USED CAR. GM HAS DENIED OUR CLAIM SINCE THE LEMON LAW DOES NOT APPLY TO USED CARS. THE CAR HAS BEEN PERMANENTLY PARKED SINCE NOVEMBER 2003. WE WERE FORCED TO BUY ANOTHER CAR. THE DEALER WOULD NOT TRADE.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 135 of 337

> THIS HAS RESULTED IN A BADLUCK SITUATION FOR US. WE CANNOT AFFORD 2 CAR PAYMENTS / 2 INSURANCE PREMIUMS, NOR CAN WE AFFORD $300.00 PER HOUR TO SUE GM. I STOPPED MAKING PAYMENTS IN DECEMBER 2003. I HAVE KEPT THE FINANCE COMPANY ABREAST OF THE SITUATION. THEY HAVE NOT REPOSSED AS OF YET. THEY WANT ME TO TRY TO SELL IT. CAN YOU HELP ?*AK" **NHTSA ID Number:** 10061898.

330. On July 20, 2004, Old GM became aware of a complaint filed with NHTSA involving a 2004 Cadillac SRX, involving an incident that occurred on July 9, 2004, in which the following was reported:

> "THE CAR DIES AFTER TRAVELING ON HIGHWAY. IT GOES FROM 65 MPH TO 0. THE BRAKES, STEERING, AND COMPLETE POWER DIES. YOU HAVE NO CONTROL OVER THE CAR AT THIS POINT. I HAVE ALMOST BEEN HIT 5 TIMES NOW. ALSO, WHEN THE CARS DOES TURN BACK ON IT WILL ONLY GO 10 MPH AND SOMETIMES WHEN YOU TURN IT BACK ON THE RPM'S WILL GO TO THE MAX. IT SOUNDS LIKE THE CAR IS GOING TO EXPLODE. THIS CAR IS A DEATH TRAP. *LA" NHTSA ID Number: 10082289.

331. In August 2004, Old GM became aware of a complaint filed with NHTSA regarding a 2004 Chevrolet Malibu incident that occurred on June 30, 2004, in which it was reported that:

> "WHILE TRAVELING AT ANY SPEED VEHICLE STALLED. WITHOUT CONSUMER HAD SEVERAL CLOSE CALLS OF BEING REAR ENDED. VEHICLE WAS SERVICED SEVERAL TIMES, BUT PROBLEM RECURRED. *AK." **NHTSA ID Number:** 10089418.

332. Another report in August of 2004 which Old GM became aware of involved a 2004 Chevrolet Malibu incident that occurred on August 3, 2004, in which it was reported that:

> "WHEN DRIVING, THE VEHICLE TO CUT OFF. THE DEALER COULD NOT FIND ANY DEFECTS. *JB." **NHTSA ID Number:** 10087966.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 136 of 337

333. On October 23, 2004, Old GM became aware of a complaint with NHTSA regarding a 2003 Chevrolet Monte Carlo, in which the following was reported:

> "VEHICLE CONTINUOUSLY EXPERIENCED AN ELECTRICAL SYSTEM FAILURE. AS A RESULT, THERE'WAS AN ELECTRICAL SHUTDOWN WHICH RESULTED IN THE ENGINE DYING/ STEERING WHEEL LOCKING UP, AND LOSS OF BRAKE POWER.*AK" **NHTSA ID Number:** 10044624.

334. On April 26, 2005, Old GM became aware of a complaint filed with NHTSA involving a 2005 Pontiac Grand Prix, pertaining to an incident that occurred on December 29, 2004, in which the following was reported:

> "2005 PONTIAC GRAND PRIX GT SEDAN VIN #[XXX] PURCHASED 12/16/2004. INTERMITTENTLY VEHICLE STALLS/ LOSS OF POWER IN THE ENGINE. WHILE DRIVING THE VEHICLE IT WILL SUDDENLY JUST LOSES POWER. YOU CONTINUE TO PRESS THE ACCELERATOR PEDAL AND THEN THE ENGINE WILL SUDDENLY TAKE BACK OFF AT A GREAT SPEED. THIS HAS HAPPENED WHILE DRIVING NORMALLY WITHOUT TRYING TO ACCELERATE AND ALSO WHILE TRYING TO ACCELERATE. THE CAR HAS LOST POWER WHILE TRYING TO MERGE IN TRAFFIC. THE CAR HAS LOST POWER WHILE TRYING TO CROSS HIGHWAYS. THE CAR HAS LOST POWER WHILE JUST DRIVING DOWN THE ROAD. GMC HAS PERFORMED THE FOLLOWING REPAIRS WITHOUT FIXING THE PROBLEM. 12/30/2004 [XXX]-MODULE, POWERTRAIN CONTROL-ENGINE REPROGRAMMING. 01/24/2005 [XXX]-SOLENOID,PRESSURE CONTROL-REPLACED. 02/04/2005 [XXX]-MODULE, PCM/VCM-REPLACED. 02/14/2005 [XXX]-PEDAL,ACCELERATOR-REPLACED. DEALERSHIP PURCHASED FROM CAPITAL BUICK-PONTIAC-GMC 225-293-3500. DEALERSHIP HAS ADVISED THAT THEY DO NOT KNOW WHAT IS WRONG WITH THE CAR. WE HAVE BEEN TOLD THAT WE HAVE TO GO DIRECT TO PONTIAC WITH THE PROBLEM. HAVE BEEN IN CONTACT WITH PONTIAC SINCE 02/15/05. PONTIAC ADVISED THAT THEY WERE GOING TO RESEARCH THE PROBLEM AND SEE IF ANY OTHER GRAND PRI WAS REPORTING LIKE PROBLEMS. SO FAR THE ONLY ADVICE FROM PONTIAC IS THEY WANT US TO COME IN AND TAKE ANOTHER

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 137 of 337

> GRAND PRIX OFF THE LOT AND SEE IF WE CAN GET THIS CAR TO DUPLICATE THE SAME PROBLEM. THIS DID NOT IMPRESS ME AT ALL. SO AFTER WAITING FOR 2-1/2 MONTHS FOR PONTIAC TO DO SOMETHING TO FIX THE PROBLEM, I HAVE DECIDED TO REPORT THIS TO NHTSA. *AK *JS INFORMATION REDACTED PURSUANT TO THE FREEDOM OF INFORMATION ACT (FOIA), 5 U.S.C. 552(B)(6)" NHTSA ID Number: 10118501.

335. In May 2005, Old GM became aware of a complaint filed with NHTSA regarding a 2004 Chevrolet Malibu incident that occurred on July 18, 2004, in which it was reported that:

> "THE CAR CUT OFF WHILE I WAS DRIVING AND IN HEAVY TRAFFIC MORE THAN ONCE. THERE WAS NO WARNING THAT THIS WOULD HAPPEN. THE CAR WAS SERVICED BEFORE FOR THIS PROBLEM BUT IT CONTINUED TO HAPPEN. I HAVE HAD 3 RECALLS, THE HORN FUSE HAS BEEN REPLACED TWICE, AND THE BLINKER IS CURRENTLY OUT. THE STEERING COLLAR HAS ALSO BEEN REPLACED. THIS CAR WAS SUPPOSED TO BE A NEW CAR." **NHTSA ID Number:** 10123684.

336. On June 2, 2005, Old GM became aware of a complaint with NHTSA regarding a 2004 Pontiac Grand Am incident that occurred on February 18, 2005, in which the following was reported:

> "2004 PONTIAC GRAND PRIX SHUTS DOWN WHILE DRIVING AND THE POWER STEERING AND BRAKING ABILITY ARE LOST.*MR *NM." **NHTSA ID Number:** 10124713.

337. On August 12, 2005, Old GM became aware of a complaint filed with NHTSA involving a 2003 Cadillac CTS, regarding an incident that occurred on January 3, 2005, in which it was reported that:

> "DT: VEHICLE LOST POWER WHEN THE CONSUMER HIT THE BRAKES. THE TRANSMISSION JOLTS AND THEN THE ENGINE SHUTS OFF. IT HAS BEEN TO THE DEALER 6 TIMES SINCE JANUARY. THE DEALER TRIED SOMETHING DIFFERENT EVERY TIME SHE TOOK IT IN.

MANUFACTURER SAID SHE COULD HAVE A NEW VEHICLE IF SHE PAID FOR IT. SHE WANTED TO GET RID OF THE VEHICLE.*AK THE CHECK ENGINE LIGHT ILLUMINATED. *JB" NHTSA ID Number: 10127580.

338. On August 26, 2005, Old GM became aware of a complaint with NHTSA regarding a 2004 Pontiac Grand Am incident that occurred on August 26, 2005, in which the following was reported:

> "WHILE DRIVING MY 2004 PONTIAC GRAND AM THE CAR FAILED AT 30 MPH. IT COMPLETELY SHUT OFF LEAVING ME WITH NO POWER STEERING AND NO WAY TO REGAIN CONTROL OF THE CAR UNTIL COMING TO A COMPLETE STOP TO RESTART IT. ONCE I HAD STOPPED IT DID RESTART WITHOUT INCIDENT. ONE WEEK LATER THE CAR FAILED TO START AT ALL NOT EVEN TURNING OVER. WHEN THE PROBLEM WAS DIAGNOSED AT THE GARAGE IT WAS FOUND TO BE A FAULTY "IGNITION CONTROL MODULE" IN THE CAR. AT THIS TIME THE PART WAS REPLACED ONLY TO FAIL AGAIN WITHIN 2 MONTHS TIME AGAIN WHILE I WAS DRIVING THIS TIME IN A MUCH MORE HAZARDOUS CONDITION BEING THAT I WAS ON THE HIGHWAY AND WAS TRAVELING AT 50 MPH AND HAD TO TRAVEL ACROSS TWO LANES OF TRAFFIC TO EVEN PULL OVER TO TRY TO RESTART IT. THE CAR CONTINUED TO START AND SHUT OFF ALL THE WAY TO THE SERVICE GARAGE WHERE IT WAS AGAIN FOUND TO BE A FAULTY "IGNITION CONTROL MODULE". IN ANOTHER TWO WEEKS TIME THE CAR FAILED TO START AND WHEN DIAGNOSED THIS TIME IT WAS SAID TO HAVE "ELECTRICAL PROBLEMS" POSSIBLE THE "POWER CONTROL MODULE". AT THIS TIME THE CAR IS STILL UNDRIVEABLE AND UNSAFE FOR TRAVEL. *JB" **NHTSA ID Number:** 10134303.

339. On September 22, 2005, Old GM became aware of a complaint filed with NHTSA involving a 2005 Cadillac CTS, concerning an incident that occurred on September 16, 2005, in which the following was reported:

> "DT: 2005 CADILLAC CTS – THE CALLER'S VEHICLE WAS INVOLVED IN AN ACCIDENT WHILE DRIVING AT 55 MPH. UPON IMPACT, AIR BAGS DID NOT DEPLOY. THE VEHICLE WENT OFF THE ROAD AND HIT A TREE. THIS

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 139 of 337

> WAS ON THE DRIVER'S SIDE FRONT. THERE WERE NO INDICATOR LIGHTS ON PRIOR TO THE ACCIDENT. THE VEHICLE HAS NOT BEEN INSPECTED BY THE DEALERSHIP, AND INSURANCE COMPANY TOTALED THE VEHICLE. THE CALLER SAW NO REASON FOR THE AIR BAGS NOT TO DEPLOY. . TWO INJURED WERE INJURED IN THIS CRASH. T A POLICE REPORT WAS TAKEN. THERE WAS NO FIRE. *AK" NHTSA ID Number: 10137348.

340. On September 29, 2006, Old GM became aware of a complaint filed with NHTSA involving a 2004 Cadillac CTS and an incident that occurred on September 29, 2006, in which the following was reported:

> "DT*: THE CONTACT STATED AT VARIOUS SPEEDS WITHOUT WARNING, THE VEHICLE LOST POWER AND WOULD NOT ACCELERATE ABOVE 20 MPH. ALSO, WITHOUT WARNING, THE VEHICLE STALLED ON SEVERAL OCCASIONS, AND WOULD NOT RESTART. THE VEHICLE WAS TOWED TO THE DEALERSHIP, WHO REPLACED THE THROTTLE TWICE AND THE THROTTLE BODY ASSEMBLY HARNESS, BUT THE PROBLEM PERSISTED. *AK UPDATED 10/25/2006 – *NM" NHTSA ID Number: 10169594.

341. On April 18, 2007, Old GM became aware of a complaint filed with NHTSA involving a 2004 Cadillac SRX, regarding an incident that occurred on April 13, 2007, in which it was reported that:

> "TL*THE CONTACT OWNS A 2004 CADILLAC SRX. THE ENGINE STALLED WITHOUT WARNING AND CAUSED ANOTHER VEHICLE TO CRASH INTO THE VEHICLE. THE VEHICLE WAS ABLE TO RESTART A FEW MINUTES AFTER THE CRASH. THE DEALER AND MANUFACTURER WAS UNABLE TO DIAGNOSE THE FAILURE. THE MANUFACTURER HAD THE VEHICLE INSPECTED BY A CADILLAC SPECIALIST WHO WAS UNABLE TO DIAGNOSE THE FAILURE. THE DEALER UPDATED THE COMPUTER FOUR TIMES, BUT THE ENGINE CONTINUED TO STALL. THE CURRENT AND FAILURE MILEAGES WERE 48,000." NHTSA ID Number: 10188245.

342. On September 20, 2007, Old GM became aware of a complaint filed with NHSTA involving a 2007 Cadillac CTS, in connection with an incident that occurred on January 1, 2007, and the following was reported:

> "TL*THE CONTACT OWNS A 2007 CADILLAC CTS. WHILE DRIVING 40 MPH, THE VEHICLE SHUT OFF WITHOUT WARNING. THE FAILURE OCCURRED ON FIVE SEPARATE OCCASIONS. THE DEALER WAS UNABLE TO DUPLICATE THE FAILURE. AS OF SEPTEMBER 20, 2007, THE DEALER HAD NOT REPAIRED THE VEHICLE. THE POWERTRAIN WAS UNKNOWN. THE FAILURE MILEAGE WAS 2,000 AND CURRENT MILEAGE WAS 11,998." NHTSA ID Number: 10203516.

343. On September 24, 2007, Old GM became aware of a complaint filed with NHTSA involving a 2004 Cadillac SRX, regarding an incident that occurred on January 1, 2005, in which the following was reported:

> "TL*THE CONTACT OWNS A 2004 CADILLAC SRX. WHILE DRIVING 5 MPH OR GREATER, THE VEHICLE WOULD SHUT OFF WITHOUT WARNING. THE DEALER STATED THAT THE BATTERY CAUSED THE FAILURE AND THEY REPLACED THE BATTERY. APPROXIMATELY EIGHT MONTHS LATER, THE FAILURE RECURRED. THE DEALER STATED THAT THE BATTERY CAUSED THE FAILURE AND REPLACED IT A SECOND TIME. APPROXIMATELY THREE MONTHS LATER, THE FAILURE OCCURRED AGAIN. SHE WAS ABLE TO RESTART THE VEHICLE. THE DEALER WAS UNABLE TO DUPLICATE THE FAILURE, HOWEVER, THEY REPLACED THE CRANK SHAFT SENSOR. THE FAILURE CONTINUES TO PERSIST. AS OF SEPTEMBER 24, 2007, THE DEALER HAD NOT REPAIRED THE VEHICLE. THE POWERTRAIN WAS UNKNOWN. THE FAILURE MILEAGE WAS 8,000 AND CURRENT MILEAGE WAS 70,580." NHTSA ID Number: 10203943.

344. On June 18, 2008, Old GM became aware of a complaint filed with NHTSA involving a 2006 Cadillac CTS and an incident that occurred on June 17, 2008, in which it was reported that:

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 141 of 337

> "TL*THE CONTACT OWNS A 2006 CADILLAC CTS. WHILE DRIVING 60 MPH AT NIGHT, THE VEHICLE SHUT OFF AND LOST TOTAL POWER. WHEN THE FAILURE OCCURRED, THE VEHICLE CONTINUED TO ROLL AS IF IT WERE IN NEUTRAL. THERE WERE NO WARNING INDICATORS PRIOR TO THE FAILURE. THE CONTACT FEELS THAT THIS IS A SAFETY HAZARD BECAUSE IT COULD HAVE RESULTED IN A SERIOUS CRASH. THE VEHICLE WAS TAKEN TO THE DEALER TWICE FOR REPAIR FOR THE SAME FAILURE IN FEBURARY OF 2008 AND JUNE 17, 2008. THE FIRST TIME THE CAUSE OF THE FAILURE WAS IDENTIFIED AS A GLITCH WITH THE COMPUTER SWITCH THAT CONTROLS THE TRANSMISSION. AT THE SECOND VISIT, THE SHOP EXPLAINED THAT THEY COULD NOT IDENTIFY THE FAILURE. IT WOULD HAVE TO RECUR IN ORDER FOR THEM TO DIAGNOSE THE FAILURE PROPERLY. THE CURRENT AND FAILURE MILEAGES WERE 43,000." NHTSA ID Number: 10231507.

345. On October 14, 2008, Old GM became aware of a complaint filed with NHTSA involving a 2008 Cadillac CTS and an incident that occurred on April 5, 2008, in which it was reported that:

> "WHILE DRIVING MY 2008 CTS, WITH NO ADVANCE NOTICE, THE ENGINE JUST DIED. IT SEEMED TO RUN OUT OF GAS. MY FUEL GAUGE READ BETWEEN 1/2 TO 3/4 FULL. THIS HAPPENED 3 DIFFERENT OCCASIONS. ALL 3 TIMES I HAD TO HAVE IT TOWED BACK TO THE DEALERSHIP THAT I PURCHASED THE CAR FROM. ALL 3 TIMES I GOT DIFFERENT REASONS IT HAPPENED, FROM BAD FUEL PUMP IN GAS TANK, TO SOME TYPE OF BAD CONNECTION, ETC. AFTER THIS HAPPENED THE 3RD TIME, I DEMANDED A NEW CAR, WHICH I RECEIVED. I HAVE HAD NO PROBLEMS WITH THIS CTS, RUNS GREAT. *TR" NHTSA ID Number: 10245423.

346. On November 13, 2008, Old GM became aware of a complaint with NHTSA regarding a 2001 Oldsmobile Intrigue, in which the following was reported:

> "L*THE CONTACT OWNS A 2001 OLDSMOBILE INTRIGUE. WHILE DRIVING 35 MPH, THE VEHICLE CONTINUOUSLY STALLS AND HESITATES. IN ADDITION, THE INSTRUMENT PANEL INDICATORS WOULD ILLUMINATE

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 142 of 337

> AT RANDOM. THE VEHICLE FAILED INSPECTION AND THE CRANKSHAFT SENSOR WAS REPLACED, WHICH HELPED WITH THE STALLING AND HESITATION; HOWEVER, THE CHECK ENGINE INDICATOR WAS STILL ILLUMINATED. DAYS AFTER THE CRANKSHAFT SENSOR WAS REPLACED, THE VEHICLE FAILED TO START. HOWEVER, ALL OF THE INSTRUMENT PANEL INDICATORS FLASHED ON AND OFF. AFTER NUMEROUS ATTEMPTS TO START THE VEHICLE, HE HAD IT JUMPSTARTED. THE VEHICLE WAS THEN ABLE TO START. WHILE DRIVING HOME, ALL OF THE LIGHTING FLASHED AND THE VEHICLE SUDDENLY SHUT OFF. THE VEHICLE LOST ALL ELECTRICAL POWER AND POWER STEERING ABILITY. THE CONTACT MANAGED TO PARK THE VEHICLE IN A PARKING LOT AND HAD IT TOWED THE FOLLOWING DAY TO A REPAIR SHOP. THE VEHICLE IS CURRENTLY STILL IN THE SHOP. THE VEHICLE HAS BEEN RECALLED IN CANADA AND HE BELIEVES THAT IT SHOULD ALSO BE RECALLED IN THE UNITED STATES. THE FAILURE MILEAGE WAS UNKNOWN AND THE CURRENT MILEAGE WAS 106,000." **NHTSA ID Number:** 10248694.

347. On December 10, 2008, Old GM became aware of a complaint filed with NHTSA regarding a 2004 Oldsmobile Alero and an incident that occurred on December 10, 2008, in which the following was reported:

> "I WAS DRIVING DOWN THE ROAD IN RUSH HOUR GOING APPROX. 55 MPH AND MY CAR COMPLETELY SHUT OFF, THE GAUGES SHUTDOWN, LOST POWER STEERING. HAD TO PULL OFF THE ROAD AS SAFELY AS POSSIBLE, PLACE VEHICLE IN PARK AND RESTART CAR. MY CAR HAS SHUTDOWN PREVIOUSLY TO THIS INCIDENT AND FEEL AS THOUGH IT NEEDS SERIOUS INVESTIGATION. I COULD HAVE BEEN ON THE HIGHWAY AND BEEN KILLED. THIS ALSO HAS HAPPENED WHEN IN A SPIN OUT AS WELL THOUGH THIS PARTICULAR INCIDENT WAS RANDOM. *TR" **NHTSA ID Number:** 10251280.

348. On March 31, 2009, Old GM became aware a complaint filed with NHTSA regarding a 2005 Chevrolet Malibu incident that occurred on May 30, 2008, in which it was reported that:

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 143 of 337

> "TL*THE CONTACT OWNS A 2005 CHEVROLET MALIBU. THE CONTACT STATED THAT THE POWER WINDOWS, LOCKS, LINKAGES, AND IGNITION SWITCH SPORADICALLY BECOME INOPERATIVE. SHE TOOK THE VEHICLE TO THE DEALER AND THEY REPLACED THE IGNITION SWITCH AT THE COST OF $495. THE MANUFACTURER STATED THAT THEY WOULD NOT ASSUME RESPONSIBILITY FOR ANY REPAIRS BECAUSE THE VEHICLE EXCEEDED ITS MILEAGE. ALL REMEDIES AS OF MARCH 31, 2009 HAVE BEEN INSUFFICIENT IN CORRECTING THE FAILURES. THE FAILURE MILEAGE WAS 45,000 AND CURRENT MILEAGE WAS 51,000." **NHTSA ID Number:** 10263716.

349. The defects did not get any safer and the reports did not stop when Old GM ceased to exist. To the contrary, New GM continued receiving the same reports involving the same defects. For example, on August 11, 2010, New GM became aware of the following complaint filed with NHTSA involving a 2005 Cadillac CTS, the incident occurred on May 15, 2010, in which it was reported:

> "TL*THE CONTACT OWNS A 2005 CADILLAC CTS. WHILE DRIVING 40 MPH, ALL OF THE SAFETY LIGHTS ON THE DASHBOARD ILLUMINATED WHEN THE VEHICLE STALLED. THE VEHICLE WAS TURNED BACK ON IT BEGAN TO FUNCTION NORMALLY. THE FAILURE OCCURRED TWICE. THE DEALER WAS CONTACTED AND THEY STATED THAT SHE NEEDED TO BRING IT IN TO HAVE IT DIAGNOSED AGAIN. THE DEALER PREVIOUSLY STATED THAT THEY WERE UNABLE TO DUPLICATE THE FAILURE. THE VEHICLE WAS NOT REPAIRED. THE FAILURE MILEAGE WAS 4100 AND THE CURRENT MILEAGE WAS 58,000." NHTSA ID Number: 10348743.

350. On April 16, 2012, New GM became aware of as complaint filed with NHTSA involving a 2005 Cadillac SRX and an incident that occurred on March 31, 2012, in which the following was reported:

> "TL* THE CONTACT OWNS A 2005 CADILLAC SRX. WHILE DRIVING APPROXIMATELY 45 MPH, THE CONTACT STATED THAT THE STEERING BECAME DIFFICULT TO MANEUVER AND HE LOST CONTROL OF THE VEHICLE.

> THERE WERE NO WARNING LIGHTS ILLUMINATED ON THE INSTRUMENT PANEL. THE CONTACT THEN CRASHED INTO A HIGHWAY DIVIDER AND INTO ANOTHER VEHICLE. THERE WERE NO INJURIES. THE VEHICLE WAS TOWED TO AN AUTO CENTER AND THE MECHANIC STATED THAT THERE WAS A RECALL UNDER NHTSA CAMPAIGN ID NUMBER 06V125000 (SUSPENSION:REAR), THAT MAY BE RELATED TO THE FAILURE. THE MANUFACTURER WAS MADE AWARE OF THE FAILURE AND STATED THAT THE VIN WAS NOT INCLUDED IN THE RECALL. THE VEHICLE WAS NOT REPAIRED. THE APPROXIMATE FAILURE MILEAGE WAS 46,000." NHTSA ID Number: 10455394.

351. On March 20, 2013, New GM became aware of a complaint filed with NHTSA regarding a 2003 Chevrolet Impala incident that occurred on March 1, 2013, in which it was reported that:

> "CAR WILL SHUTDOWN WHILE DRIVING AND SECURITY LIGHT WILL FLASH. HAS DONE IT NUMEROUS TIMES, WORRIED IT WILL CAUSE AN ACCIDENT. THERE ARE MULTIPLE CASES OF THIS PROBLEM ON INTERNET. *TR" **NHTSA ID Number:** 10503840.

352. On May 12, 2013, New GM became aware of the following complaint filed with NHTSA regarding a 2005 Chevrolet Malibu incident that occurred on May 11, 2012, in which the following was reported:

> "I WAS AT A STOP SIGN WENT TO PRESS GAS PEDAL TO TURN ONTO ROAD AND THE CAR JUST SHUT OFF NO WARNING LIGHTS CAME ON NOR DID IT SHOW ANY CODES. GOT OUT OF CAR POPPED TRUNK PULLED RELAY FUSE OUT PUT IT BACK IN AND IT CRANKED UP,THEN ON MY WAY HOME FROM WORK,GOING ABOUT 25 MPH AND IT JUST SHUTDOWN AGAIN,I REPEATED PULLING OUT RELAY FUSE AND PUT IT BACK IN THEN WAITED A MINUTE THEN IT CRANKED AND I DROVE STRAIGHT HOME. *TR" **NHTSA ID Number:** 10458198.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 145 of 337

353. On February 26, 2014, New GM became aware of a complaint filed with NHTSA involving a 2004 Pontiac Grand Prix, concerning an incident that occurred on May 10, 2005, in which it was reported that:

> "TL – THE CONTACT OWNS A 2004 PONTIAC GRAND PRIX. THE CONTACT STATED THAT WHILE DRIVING AT VARIOUS SPEEDS AND GOING OVER A BUMP, THE VEHICLE WOULD STALL WITHOUT WARNING. THE VEHICLE WAS TAKEN TO THE DEALER. THE TECHNICIAN WAS UNABLE TO DIAGNOSE THE FAILURE. THE MANUFACTURER WAS MADE AWARE OF THE FAILURE. THE VEHICLE WAS NOT REPAIRED. THE VIN WAS NOT AVAILABLE. THE FAILURE MILEAGE WAS 12,000 AND THE CURRENT MILEAGE WAS 82,000. KMJ" NHTSA ID Number: 10566118.

354. On March 13, 2014, New GM became aware of a complaint filed with NHTSA involving a 2006 Pontiac Grand Prix and an incident that occurred on February 27, 2014, in which a driver reported:

> "I WAS DRIVING HOME FROM WORK AND WHEN I TURNED A CORNER, THE ENGINE CUT OUT. I BELIEVE IT WAS FROM THE KEY FLIPPING TO ACCESSORY. I'VE HEARD THAT THIS HAS CAUSED CRASHES THAT HAVE KILLED PEOPLE AND WOULD LIKE THIS FIXED. THIS IS THE FIRST TIME IT HAPPENED, BUT NOW I'M WORRIED EVERY TIME I DRIVE IT THAT THIS IS GOING TO HAPPEN AND I DON'T FEEL SAFE LETTING MY WIFE DRIVE THE CAR NOW. WHY ARE THE 2006 PONTIAC GRAND PRIX VEHICLES NOT PART OF THE RECALL FROM GM? *TR" NHTSA ID Number: 10569215.

355. On April 1, 2014, New GM became aware of a complaint filed with NHTSA involving a 2003 Cadillac CTS and an incident that occurred on January 1, 2008, in which the following was reported:

> "TL* THE CONTACT OWNS A 2003 CADILLAC CTS. THE CONTACT STATED THAT THE VEHICLE EXHIBITED A RECURRING STALLING FAILURE. THE VEHICLE WAS TAKEN TO THE DEALER NUMEROUS TIMES WHERE SEVERAL UNKNOWN REPAIRS WERE PERFORMED ON

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 146 of 337

> THE VEHICLE BUT TO NO AVAIL. THE FAILURE MILEAGE WAS 59,730 AND THE CURRENT MILEAGE WAS 79,000. UPDATED 06/30/14 MA UPDATED 07/3/2014 *JS" NHTSA ID Number: 10576468.

356. On April 1, 2014, New GM became aware of a complaint with NHTSA regarding a 2003 Chevrolet Monte Carlo and an incident that occurred on September 16, 2013, in which the following was reported:

> "WHILE DRIVING AT ANY SPEED THE IGNITION SYSTEM WOULD RESET LIGHTING UP THE DISPLAY CLUSTER JUST AS IF THE KEY WAS TURNED OFF AND BACK ON. THIS WOULD CAUSE A MOMENTARY SHUTDOWN OF THE ENGINE. THE PROBLEM SEEMED TO BE MORE PREVAILANT WHILE TURNING THE WHEEL FOR A CURVE OR TURN OFF THE ROAD. THE TURN SIGNAL UNIT WAS FIRST SUSPECT SINCE IT SEEMED TO CORRELATE WITH APPLYING THE TURN SIGNAL AND TURNING THE WHEEL. THE CONDITION WORSENED TO THE IGNITION SHUTDOWN FOR LONGER PERIODS SHUTTING DOWN THE ENGINE CAUSING STEERING AND BRAKING TO BE SHUTDOWN AND FINALLY DIFFICULTY STARTING THE CAR. AFTER 2 VISITS TO A GM SERVICE CENTER THE PROBLEM WAS FOUND TO BE A FAULTY IGNITION THAT WAS REPLACED AND THE PROBLEM HAS NOT RECURRED." **NHTSA ID Number:** 10576201.

357. On April 8, 2014, New GM became aware of a complaint with NHTSA regarding a 2003 Chevrolet Impala and an incident that occurred on August 14, 2011 and the following was reported:

> "I HAVE HAD INCIDENTS SEVERAL TIMES OVER THE YEARS WHERE I WOULD HIT A BUMP IN THE ROAD AND MY CAR WOULD COMPLETLY SHUT OFF. I HAVE ALSO HAD SEVERAL INCIDENTS WHERE I WAS TRAVELING DOWN THE EXPRESSWAY AND MY CAR TURNED OFF ON ME. I HAD TO SHIFT MY CAR INTO NEUTRAL AND RESTART IT TO CONTINUE GOING. I WAS FORTUNATE NOT TO HAVE AN ACCIDENT." **NHTSA ID Number:** 10578158.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 147 of 337

358. On May 14, 2014, New GM became aware of a complaint filed with NHTSA regarding a 2004 Chevrolet Impala incident that occurred on April 5, 2013 and reported that:

> "CHEVY IMPALA 2004 LS- THE VEHICLE IS STOPPING COMPLETELY WHILE DRIVING OR SITTING AT INTERSECTION. THERE IS NO WARNING, NO MESSAGE, IT JUST DIES. THE STEERING GOES WHEN THIS HAPPENS SO I CANNOT EVEN GET OFF THE ROAD. THEN THERE ARE TIMES THAT THE CAR WILL NOT START AT ALL AND I HAVE BEEN STRANDED. EVENTUALLY AFTER ABOUT 20 MINUTES THE CAR WILL START- I HAVE ALREADY REPLACED THE STARTER BUT THE PROBLEM STILL EXISTS. I HAVE HAD THE CAR CHECKED OUT AT 2 DIFFERENT SHOPS (FIRESTONE) AND THEY CANNOT FIND THE PROBLEM. THERE ARE NO CODES COMING UP. THEY ARE COMPLETELY PERPLEXED. CHEVY STATES THEIR MECHANICS ARE BETTER. ALSO THE CLUSTER PANEL IS GONE AND CHEVY IS AWARE OF THE PROBLEM BUT THEY ONLY RECALLED CERTAIN MODELS AND DID NOT INCLUDE THE IMPALAS. I HAVE 2 ESTIMATES REGARDING FIXING THIS PROBLEM BUT THE QUOTES ARE $500.00. I DO NOT FEEL THAT I SHOULD HAVE TO PAY FOR THIS WHEN CHEVY KNEW THEY HAD THIS PROBLEM WITH CLUSTER PANELS AND OMITTED THE IMPALAS IN THEIR RECALL. SO, TO RECAP: THE CAR DIES IN TRAFFIC (ALMOST HIT TWICE), I DO NOT KNOW HOW MUCH GAS I HAVE, HOW FAST I AM GOING, OR IF THE CAR IS OVERHEATING. IN DEALING WITH CHEVY I WAS TOLD TO TAKE THE CAR TO A CHEVY DEALERSHIP. THEY GAVE ME A PLACE THAT IS 2 1/2 HOURS HOUSE AWAY FROM MY HOME. I WAS ALSO TOLD THAT I WOULD HAVE THE HONOR OF PAYING FOR THE DIAGNOSTICS. IN RESEARCHING THIS PROBLEM, I HAVE PULLED UP SEVERAL COMPLAINTS FROM OTHER CHEVY IMPALA 2004 OWNERS THAT ARE EXPERIENCING THE SAME MULTIPLE PROBLEMS. I ALSO NOTICED THAT MOST OF THE COMPLAINTS ARE STATING THAT THE SAME ISSUES OCCURRED AT APPROX. THE SAME MILEAGE AS MINE. I HAVE DISCUSSED THIS WITH CHEVY CUSTOMER SERVICE AND BASICALLY THAT WAS IGNORED. THIS CAR IS HAZARDOUS TO DRIVE AND POTENTIALLY WILL CAUSE BODILY HARM. DEALING WITH CHEVY IS POINTLESS. ALL THEY CAN THINK OF IS HOW MUCH MONEY THEIR

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 148 of 337

DEFECTS WILL BRING IN. *TR" **NHTSA ID Number:** 10512006.

359. New GM has publicly admitted that it was aware of at least seven (7) crashes, eight (8) injuries, and three (3) deaths linked to this serious safety defect before deciding to finally implement a recall. However, in reality, the number of reports and complaints is much higher.

360. Moreover, notwithstanding years of notice and knowledge of the defect, on top of numerous complaints and reports from consumers, including reports of crashes, injuries and deaths, New GM delayed and did not implement a recall involving this defect until July of 2014.

361. New GM's supposed recall fix does not address the defect or the safety risks that it poses, including insufficient amount of torque to resist rotation from the "run" the "accessory" position under reasonably foreseeable conditions, and puts the burden on drivers to alter their behavior and carry their ignition keys separately from their other keys, and even from their remote fob. The real answer must include the replacement of all the switches with ones that have sufficient torque to resist foreseeable rotational forces. The consequences of an unwanted rotation from the "run" to "accessory" position has the same results in all these cars: loss of power (stalling), loss of power steering, loss of power brakes after one or two depressions of the brake pedal, and suppression of seat belt pretensioners and airbag deployments.

362. In addition, New GM is not addressing the other design issues that create safety risks in connection with this defect. New GM is not altering the algorithm that prevents the airbags from deploying when the ignition leaves the "run" position, even when the vehicle is moving. And New GM is not altering the placement of the ignition in an area where the

driver's knees may inadvertently cause the ignition to move out of the "run" position Moreover, notwithstanding years of notice and knowledge of the defect, on top of numerous complaints and reports from consumers, including reports of crashes, injuries and deaths, New GM delayed and did not implement a recall involving this defect until July of 2014.

363. Further, New GM has not begun implementing its "fix" for these affected vehicles. Thus, owners and lessees continue to operate their vehicles, at risk of the serious safety defects posed if and when the ignition switch in a Defective Vehicle fails during normal and ordinary vehicle operation.

IX. **The September 2014 Ignition Switch Defect Recall Is the Latest Evidence of the Extent of the Defects and New GM's Ongoing Concealment.**

364. On September 4, 2014, New GM recalled 46,873 MY 2011-2013 Chevrolet Caprice and 2008-2009 Pontiac G8 vehicles for yet another ignition switch defect (NHTSA Recall Number 14-V-510).

365. New GM explains that, in these Defective Ignition Switch Vehicles, "there is a risk, under certain conditions, that some drivers may bump the ignition key with their knee and unintentionally move the key away from the 'run' position." New GM admits that, when this happens, "engine power, and power barking will be affected, increasing the risk of a crash." Moreover, "[t]he timing of the key movement out of the 'run' position, relative to the activation of the sending algorithm of the crash event, may result in the airbags not deploying, increasing the potential for occupant injury in certain kinds of crashes."

366. This recall is directly related to the other ignition switch recalls and involves the same safety risks and dangers. The defect poses a serious and dangerous safety risk because the key in the ignition switch can rotate and consequently cause a the ignition to switch from the "on" or "run" position to the "off" or "accessory" position, which causes the

loss of engine power, stalling, loss of speed control, loss of power steering, loss of power braking, and increases the risk of a crash. Moreover, as with the ignition switch torque defect, if a crash occurs, the airbags may not deploy.

367. According to New GM, in late June 2014, "GM Holden began investigating potential operator knee-to-key interference in Holden-produced vehicles consistent with Safety's learning from" earlier ignition switch recalls, NHTSA recalls no. 14V-346 and 14V-355.[107]

368. New GM "analyzed vehicle test results, warranty data, TREAD data, NHTSA Vehicle Owner Questionnaires, and other data."[108] This belated review, concerning vehicles that were sold as long as six years earlier, led to the August 27, 2014 decision to conduct a safety recall.[109]

369. Once again, a review of NHTSA's website shows that New GM was long on notice of ignition switch issues in the vehicles subject to the September 4 recall.

370. For example, on February 10, 2010, New GM became aware of an incident involving a 2009 Pontiac G8 that occurred on November 23, 2009, and again on January 26, 2010, in which the following was reported to NHTSA:

> FIRST OCCURRED ON 11/23/2009. ON THE INTERSTATE IT LOSES ALL POWER, ENGINE SHUTS DOWN, IGNITION STOPS, POWER STEERING STOPS, BRAKES FAIL - COMPLETE VEHICLE STOPPAGE AND FULL OPERATING SYSTEMS SHUTDOWN WITHOUT WARNING AT 70 MPH, TWICE! SECOND OCCURRENCE WAS 1/26/2010.

371. On May 22, 2013, New GM became aware of an incident involving a 2008 Pontiac G8 that occurred on May 18, 2013, in which the following was reported:

---

[107] *Id.*
[108] *Id.*
[109] *Id.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 151 of 337

> THE CONTACT OWNS A 2008 PONTIAC G8. THE CONTACT STATED THAT WHILE DRIVING 50 MPH, THE VEHICLE STALLED WITHOUT WARNING. THE FAILURE RECURRED TWICE. THE VEHICLE WAS TOWED TO THE DEALER FOR DIAGNOSIS, BUT THE DEALER WAS UNABLE TO DUPLICATE THE PROBLEM. THE VEHICLE WAS NOT REPAIRED. THE MANUFACTURER WAS NOT NOTIFIED. THE APPROXIMATE FAILURE MILEAGE WAS 60,000.

372. Consistent with its pattern in the June and July recalls, New GM's proposed remedy is to provide these Defective Ignition Switch Vehicle owners with a "revised key blade and housing assembly, in which the blade has been indexed by 90 degrees."[110] Until the remedy is provided, New GM asserts, "it is very important that drivers adjust their seat and steering column to allow clearance between their knee and the ignition key."[111] New GM sent its recall notice to NHTSA one week later, on September 4, 2014.

373. New GM's supposed fix does not address the defect or the safety risks that the defect poses, including the apparent insufficient torque to resist rotation from the "run" to the "accessory" position under reasonably foreseeable driving conditions, and puts the burden on drivers to alter their behavior and carry their ignition keys separately from their other keys, and even from their remote fob. The real answer must include the replacement of all the switches with ones that have sufficient torque to resist foreseeable rotational forces.

374. In addition, New GM is not addressing the other design issues that create safety risks in connection with this defect. New GM is not altering the algorithm that prevents the airbags from deploying when the ignition leaves the "run" position, even when the vehicle is moving. And New GM is not altering the placement of the ignition in an area where the driver's knees may inadvertently cause the ignition to move out of the "run" position.

---

[110] New GM's Part 573 Safety Recall Report, Sept. 4, 2014.
[111] *Id.*

375. The September 4 recall is, like the earlier defective ignition switch recalls, too little and too late.

X. <u>Even As They Concealed the Safety Defects From Consumers, Old and New GM Each Presented Their Vehicles As Safe And Reliable, and Presented Itself As An Honest Company With Integrity.</u>

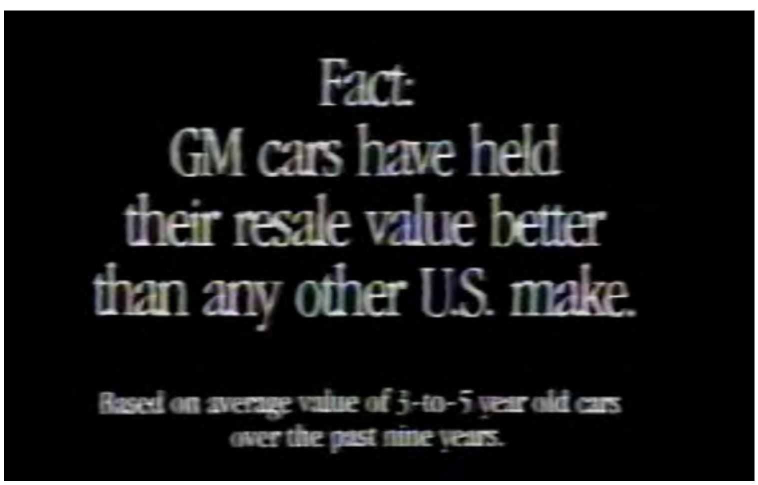
376. Throughout its history, Old GM regularly used print media, press releases, and television and video media to represent its vehicles as safe, reliable, quality products that provide great value to purchasers, and retain their value over time better than other manufacturers' vehicles. Old GM also used these media to present itself as an honest, above-board, values-oriented company with integrity. In truth, however, Old GM was concealing serious safety hazards and endangering its own customers.

377. A 1988 Old GM commercial stated:

> "GM meets your challenge. With outstanding quality and great value… That's leadership, that's GM."[112]

378. In 1989, an Old GM commercial represented:

> "Fact: GM cars have held their resale value better than any other U.S. make."[113]



[112] https://www.youtube.com/watch?v=h19lFAwGDwU.
[113] https://www.youtube.com/watch?v=Bg8CAt5ZhdI.

379. A 1990 Old GM Pontiac commercial stated:

"GM is putting quality on the road."[114]

380. A 1998 General Motors Commercial proclaimed that Old GM cars were reliable and safe:

> "We are fans and nothing keeps us from the game. We need cars and trucks as reliable as we are. Season after season. And when the game is over, we need to know that what got us there will also get us safely home. Delivering cars and trucks that fans count on is what makes us General Motors."[115]

381. Old GM explained that the 2003 Saturn ION had "surprising levels of safety" in the car's Product Information: "Bringing a new charge into the small-car segment, the 2003 Saturn ION sets itself apart from competitors with innovative features, unique personalization opportunities and surprising levels of safety, sophistication and fun."[116]

382. On July 1, 2003, Old GM issued a press release explaining that the 2004 Impala "offers a comprehensive safety package, solid body structure, room for five passengers,

[114] https://www.youtube.com/watch?v=_hR7-7eKufQ.
[115] https://www.youtube.com/watch?v=Dt12Gti12iA.
[116] https://archives.media.gm.com/division/2003_prodinfo/03_saturn/03_Ion/index.html.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 154 of 337

plenty of cargo space, a surprising number of amenities for the price, and a track record of outstanding quality, reliability and durability."[117]

383. In a July 1, 2003 press release Old GM stated that "[e]nhanced handling and acceleration are always paramount for Pontiac enthusiasts, and these, plus added safety and comfort measures, make the 2004 Pontiac lineup one of the most exciting in the division's history."[118]

384. On July 1, 2003, Old GM issued a press release about the 2004 Chevrolet Monte Carlo that explained that "[a]ttention to safety and security is also key to Monte Carlo's success."[119]

385. On July 1, 2003, Old GM issued a press release about the 2004 Pontiac Grand Prix that explained that "[s]afety is always a high priority for Grand Prix."[120]

386. In its Product Information for the 2003 Chevrolet Malibu, Old GM explained that "since 1997, the new Malibu has offered buyers excellent performance, safety and comfort in a trim, stylish package. For 2003, Chevrolet Malibu remains a smart buy for those who want a well-equipped midsize sedan at an attractive price.… Designed for individuals or families with high expectations of quality, reliability, safety, driving pleasure, and affordability, the Malibu appeals to domestic and import owners."[121]

387. On July 1, 2003, Old GM issued a press release about the 2004 Saturn Ion explaining that, "[t]he ION sedan and quad coupe are designed to carry on the Saturn tradition of being at the top of the class when it comes to safety and security. The world-class structural design provides the foundation for this focus on safety. The steel spaceframe's front and rear

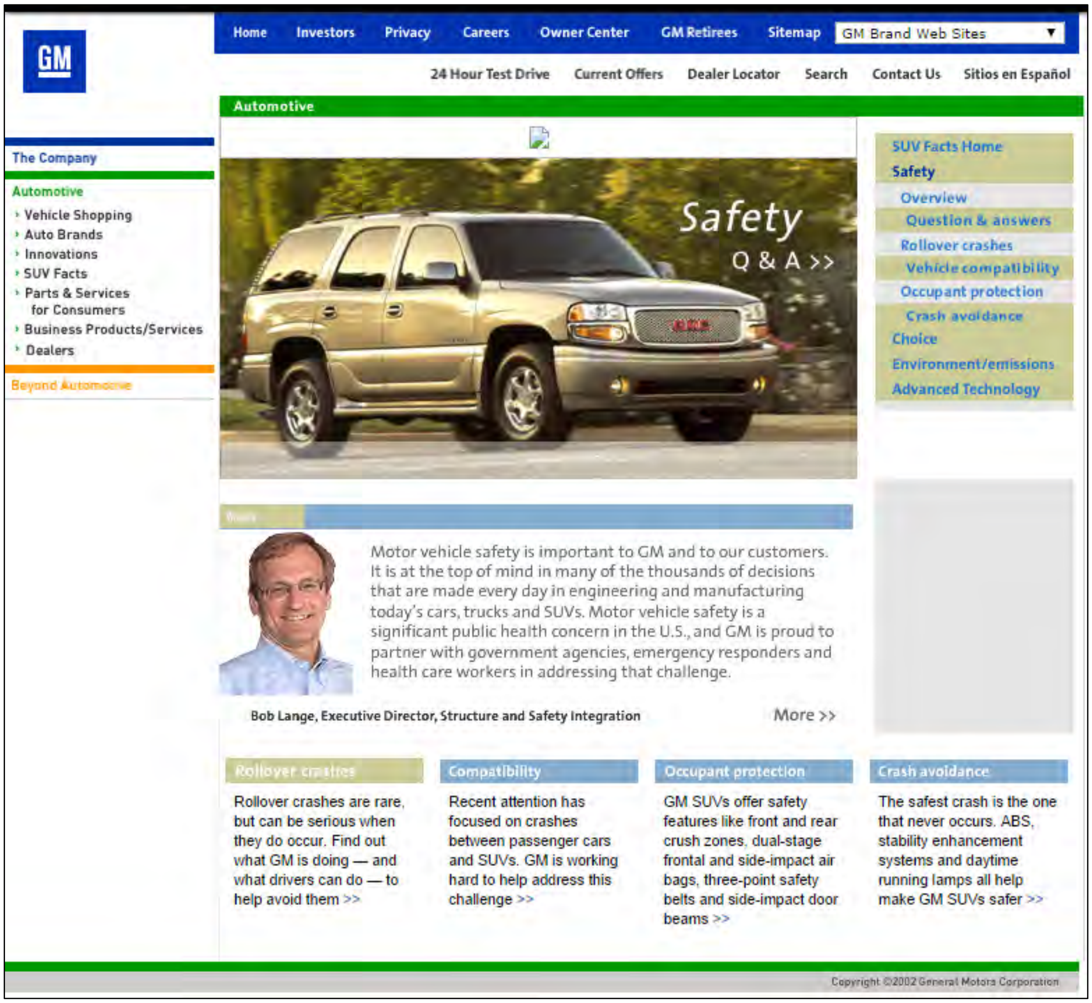
[117] https://archives.media.gm.com/division/2004_prodinfo/chevrolet/cars/impala/index.html.
[118] https://archives.media.gm.com/division/2004_prodinfo/pontiac/pdf/04_Pontiac_Overview.pdf.
[119] https://archives.media.gm.com/division/2004_prodinfo/chevrolet/cars/monte_carlo/ index.html.
[120] https://archives.media.gm.com/division/2004_prodinfo/pontiac/grand_prix/index.html.
[121] https://archives.media.gm.com/division/2003_prodinfo/03_chevrolet/03_malibu/ index.html.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 155 of 337

crush zones help absorb the energy of a crash while protecting the integrity of the safety cage."[122]

388. On October 4, 2003, Old GM's website stated that "[m]otor vehicle safety is important to GM and to our customers. It is at the top of mind in many of the thousands of decisions that are made every day in engineering and manufacturing today's cars, trucks, and SUVs/ Motor vehicle safety is a significant public health concern in the U.S., and GM is proud to partner with government agencies, emergency responders and health care workers in addressing that challenge."[123]

[122] https://archives.media.gm.com/division/2004_prodinfo/saturn/ion/index.html.
[123] http://web.archive.org/web/20031004014908/http://www.gm.com/automotive/vehicle _shopping/suv_facts/100_safety/index.html.



389. In 2004, Old GM's marketing campaign incorporated a new phrase "Only GM," which highlighted safety features such as electronic stability control. Old GM stated: "We want to bring this kind of safety, security and peace-of-mind to all of our customers because it's the right thing to do, and because only Old GM can do it."

> **Only GM**
>
> For example, we recently launched a new corporate advertising campaign under the theme, "Only GM." It's part of an effort to use the GM brand more aggressively and with more purpose, to show that we're leading the industry in ways that only GM can.
>
> The "Only GM" campaign began by highlighting our plans to equip all our cars and trucks sold to retail customers in the United States and Canada with OnStar and StabiliTrak, GM's electronic stability control system. We want to bring this kind of safety, security and peace-of-mind to all of our customers because it's the right thing to do, and because only GM can do it. We also want potential customers to know that GM offers them great value, and that buying GM matters. (For more details, go to *onlygm.com*.)

(Old GM's 2004 Annual Report, p. 6.)

390. And in the same Report, under the banner "Peace of mind," Old GM represented that "Only GM can offer its customers the assurance that someone is looking out for them and their families when they're on the road," and that: "This commitment to safety makes GM the only automobile manufacturer able to offer a full range of cars, tricks an SUVs that provide safety protection before, during and after vehicle collisions."

(Old GM's 2004 Annual Report, p. 22.)

391. On May 10, 2004, Old GM's website announced that its "aim is to improve motor vehicle safety for customers, passengers, and other motorists. Our customers expect and demand vehicles that help them to avoid crashes and reduce the risk of injury in case of a crash. We strive to exceed these expectations and to protect customers and their families while they are on the road." The website continued, "GM is committed to continuously improving the crashworthiness and crash avoidance of its vehicles, and we support many programs aimed at encouraging safer motor vehicle use…"[124]

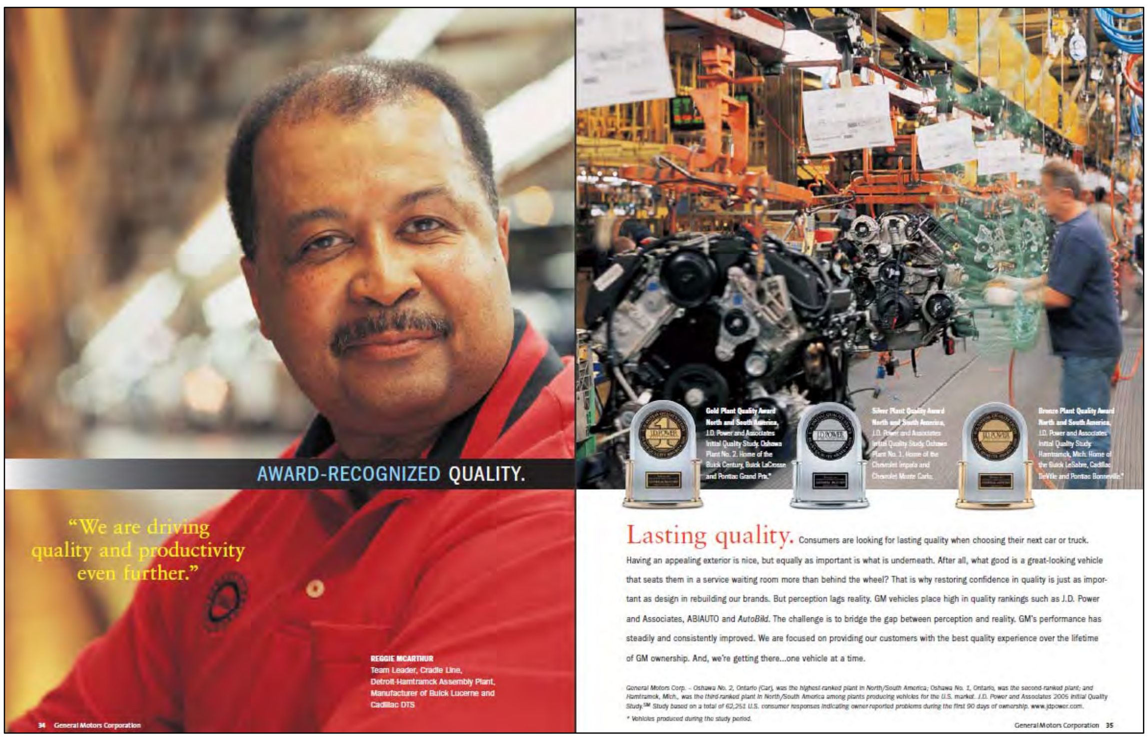
392. On June 4, 2004, Old GM's website stated that "[v]ehicle safety is paramount at GM, and we constantly strive to make our cars and trucks safe. We also continue our support for groups such as the National SAFE KIDS Campaign, and a number of programs aimed at encouraging safer motor vehicle use."[125]

393. Old GM's June 4, 2004, website published a message from its CEO, Rick Wagoner, on corporate responsibility. Mr. Wagoner wrote, "[a]t a time when current events remind us of the critical importance of corporate responsibility and the value of sustainable development, we at General Motors are fortunate to have inherited a legacy of doing business the right way. It's a great asset. And, it's a huge obligation … one we take very seriously. What we call "winning with integrity" is not an optional or occasional behavior at GM. Integrity is one of our core values, and a way of doing business that helps us realize our company's full potential….In short, "winning with integrity" is much more than a one-time exercise at GM. It's how we work every day. It's a philosophy that transcends borders,

[124] http://web.archive.org/web/20040510221647/http://www.gm.com/company/gmability/safety/?section=Company&layer=GMAbility2&action=open&page=1.
[125] http://web.archive.org/web/20040604055658/http://www.gm.com/company/gmability/sustainability/reports/03/safety.html.

language, and culture, and something we promote by creating an environment within our company that supports, and demands, proper business conduct."[126]

394. In its 2005 Annual Report Old GM stated: "We are driving quality and productivity even further." "Lasting quality—That is why restoring confidence in quality is just as important as design in rebuilding our brands…. We are focused on providing our customers with the best quality experience over the lifetime of GM ownership."

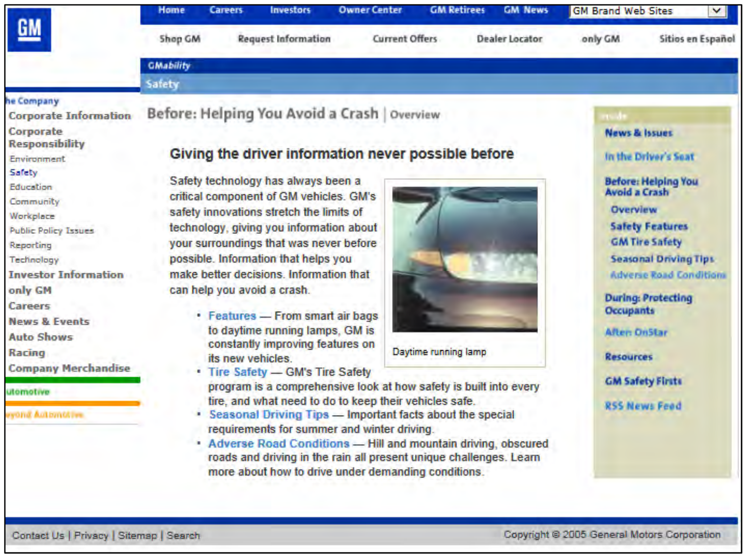


395. The 2005 GMC Yukon, Tahoe, and Cadillac Escalade were touted as "distinctly designed packages that lead the segment in performance, safety, efficiency and capability."[127]

396. On September 9, 2005, Old GM's website described its safety technology as "Helping You Avoid a Crash" and "Giving the driver information never possible before":[128]

---

[126] http://web.archive.org/web/20040604055939/http://www.gm.com/company/gmability /sustainability/reports/03/wagoner_message.html.
[127] GM's 2005 Annual Report, p. 23.



397. At the same time Old GM announced what it called the next big step in safety:[129]

> "No matter what vehicle you drive, your safety is vital. GM is looking out for you—you deserve that peace of mind on the road. Which is why at GM, we've taken the next big step in our commitment to provide more customers with more safety and security."

Footnote continued from previous page

[128] http://web.archive.org/web/20050909184042/http://www.gm.com/company/gmability/safety/avoid_crash/index.html.

[129] http://web.archive.org/web/20050909225925/http://www.gm.com/company/onlygm/.

398. In a July 12, 2006 press release regarding Old GM's 2007 model year lineup, Old GM stated, "[f]rom an all-new family of full-size pickup trucks and SUVs to carlike crossovers to small cars and a near-complete revitalization of the Saturn portfolio, General Motors is introducing several new or significantly redesigned vehicles for the 2007 model year—stylish products that leverage GM's global resources to deliver value, brand-distinctive design character, safety, fuel efficiency, relevant technologies and quality to the North American market."[130]

399. In an August 1, 2006 press statement for the 2007 Cadillac Lucerne, Old GM represented that the "Lucerne's body structure is engineered to provide maximum occupant protection and minimum intrusion under a wide range of impact conditions."[131]

400. In an August 1, 2006 press statement for the 2007 Cadillac DTS, Old GM represented: "[d]esigned and engineered with occupant safety and protection in mind, the DTS reinforces Cadillac's long-standing reputation for safe occupant environments in premium vehicles."[132]

401. Old GM's website on August 9, 2006, stated:[133]

> **MAKING VEHICLES SAFER**
>
> "GM strives to make each new model safer than the one it replaces. Vehicle-based safety strategies generally fall into three categories:
>
> BEFORE: Collision avoidance—technologies designed to help the driver avoid potential crashes (sometimes called 'active safety' technologies),

[130] https://archives.media.gm.com/us/gm/en/product_services/vehicles/2007/07%20 corporate%20oview.html.
[131] https://archives.media.gm.com/us/buick/en/product_services/r_cars/r_c_lucerne/07 index.html.
[132] https://archives.media.gm.com/us/cadillac/en/product_services/r_cars/r_c_DTS/07 index.html.
[133] http://web.archive.org/web/20060809103405/http://www.gm.com/company/gmability/ sustainability/reports/05/400_products/7_seventy/471.html.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 162 of 337

> DURING: Crashworthiness—designs and technologies that help mitigate the injury potential of a crash (sometimes called 'passive safety'), and
>
> AFTER: Post-crash—systems that can help alert emergency rescue to a crash and help provide information to aid rescue specialists.
>
> …
>
> GM vehicles are designed to help protect occupants in the 'first' collision, which acts to deform the vehicle structure and change the velocity of the vehicle's center of mass. Also, GM vehicles are designed to help reduce injury risk for occupants in the 'second' collision, which is between the vehicle interior as it responds to the forces imposed by object that collides with the vehicle, and the occupants."

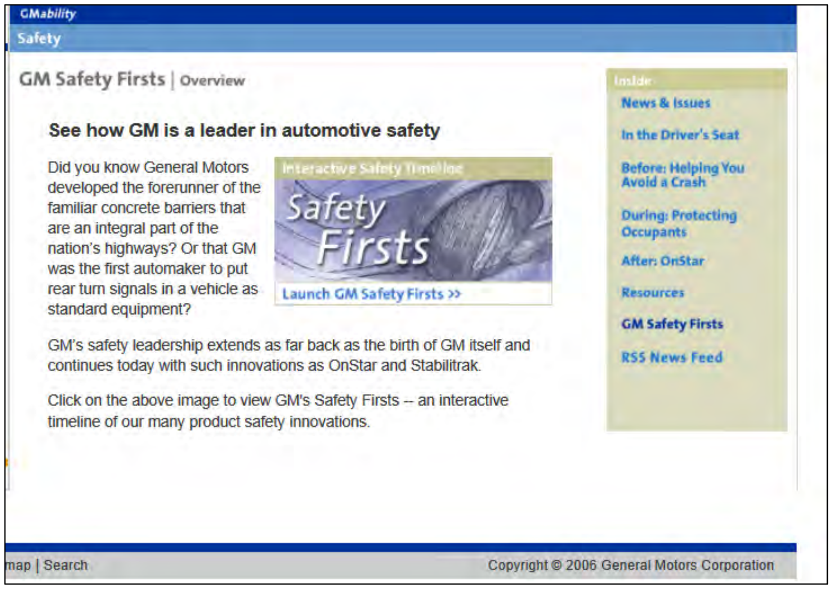
402. Old GM's website on September 6, 2006, stated:[134]

> "Helping drivers avoid crashes and making vehicles safer is a priority for GM.
>
> …
>
> Motor vehicle safety involves not only the design of the vehicle, but the manner in which it is driven, and the driving environment as well. GM is committed to researching and implementing programs and technologies that enhance the safety of vehicles. GM wants to assist drivers to operate their vehicles to avoid hazards, and to help protect occupants in the event of a vehicle crash. GM also focuses on the circumstances that occur after a crash.
>
> GM's vehicle safety priorities are guided by analysis of the real-world experience that customers have with motor vehicles."

403. Old GM stated on its website in October 29, 2006 it is a leader in automotive safety and that its safety leadership extends as far back as the birth of Old GM:[135]

[134] http://web.archive.org/web/20060906083227/http://www.gm.com/company/gmability /sustainability/reports/05/400_products/7_seventy/470.html.

[135] http://web.archive.org/web/20061029080834/http://www.gm.com/company/gmability/ safety/safety_firsts/index.html.



404. In a video published on January 2, 2007, Old GM's Vice Chairman of Product Development, Bob Lutz, stated "Saturn has always been a great brand" and that it "has predominately been known for customer service, fair dealers, honest dealers and having happy buyers."[136]

405. On Old GM's website on January 6, 2007, Bob Lange, Executive Director, Structure and Safety Integration, stated "[o]ur aim is to improve motor vehicle safety for customers, passengers and other motorists. Our customers expect and demand vehicles that help them to avoid crashes and reduce the risk of injury in case of a crash. We strive to exceed these expectations and to protect customers and their families while they are on the road." Further, that "GM is committed to continuously improving the crashworthiness and crash avoidance of its vehicles…"[137]

406. In its 2007 Annual Report, Old GM stated:

> In 2007, we continued to implement major improvements to our U.S. sales and marketing strategy. Over the past two years, we've

---

[136] https://www.youtube.com/watch?v=Kd1Kg0BBdto&list=UUxN-Csvy_9sveql5HJviDjA.
[137] http://web.archive.org/web/20070106044410/http://www.gm.com/company/gmability /safety/.

re-focused our marketing efforts to emphasize the strength and value of our products and brands…

We also continued to make progress in our long-term effort to improve quality…

We've also witnessed, since 2005, an 89 percent reduction in vehicle recall campaigns involving safety and non-compliance.

(Old GM's 2007 Annual Report, p. 7.)

407. Moreover, Old GM represented that it "actively studies trends of claims" to take action to improve vehicle quality:

POLICY, WARRANTY AND RECALLS

Provisions for estimated expenses related to policy and product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods.

(Old GM 2007 Annual Report, p. 74.)

408. In an August 1, 2007 press release, Mark LaNeve, GM North America Vice President, Vehicle Sales, Service and Marketing introduced Old GM's 2008 line up, stating "Old GM's transformation is being driven by high-quality cars and trucks that look great, drive great, are fuel-efficient and provide genuine value to our customers." Further, "[n]o other automaker provides such a diverse lineup of cars and trucks that meets the needs of customers that range from college studies to contactors. And our five-year, 100,000-mile powertrain warranty—the most comprehensive in the industry—adds even more value to the bottom line, demonstrating that we are putting our money where our mouth is on vehicle quality."[138]

409. On August 1, 2007, Old GM represented that "[t]he Cobalt enters the 2008 model year on the heels of a successful '07 model year, which introduced several significant

[138] https://archives.media.gm.com/us/gm/en/product_services/vehicles/2008/08gmna_ overview.html.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 155 of 337

enhancements, including more powerful Ecotec engines. For '08, the Cobalt builds on that powerful foundation with a streamlined model lineup and more standard safety and convenience equipment…Cobalt's enhanced safety features include:

> StabiliTrack electronic stability control system standard on 2LT and Sport
>
> Traction control standard on all models equipped with an automatic transmission and optional ABS
>
> Tire pressure monitoring system standard on all models
>
> Headcurtain side impact air bags standard on all models
>
> OnStar standard on 2LT and Sport; available on 1LT"[139]

410. On August 1, 2007 Old GM represented that "[t]he 2008 Impala reinforces the brand's value story with new features and revisions that add to its safety and efficiency, including the addition of standard StabiliTrack electronic stability control on 2LT, LTZ and SS models…"[140]

411. In an August 1, 2007 press statement for the 2008 Buick LaCrosse, Old GM represented that the "LaCrosse is built with a strong 'safety cage' structure and a full-perimeter aluminum engine cradle that directs impact energy away from passengers. Anti-lock brakes and side curtain airbags are standard on all models."[141]

412. In an August 1, 2007 press statement for the 2008 Buick Lucerne, GM represented that the "Lucerne's body structure is designed to provide maximum occupant protection and minimum intrusion under a wide range of impact conditions. Active safety and handling features offered on Lucerne include a four-channel anti-lock braking system and traction control; an auto-level rear suspension that automatically adjusts the vehicle height for

[139] https://archives.media.gm.com/us/chevrolet/en/product_services/r_cars/08%20 chevrolet%20car%20oview.html.
[140] https://archives.media.gm.com/us/chevrolet/en/product_services/r_cars/08%20 chevrolet%20car%20oview.html.
[141] https://archives.media.gm.com/us/buick/en/product_services/r_cars/r_c_lacrosse/ 08index.html.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 156 of 337

heavy loads; and four-channel StabiliTrack electronic stability control with brake assist, which senses emergency braking situations and boosts power as needed."[142]

413. In mid to late 2007, Old GM represented that "[t]he 2008 CTS is designed to enhance Cadillac's reputation for providing safe occupant environments in luxury vehicles. Details include:

Dual-stage driver's front air bag

Segment-first dual-depth front passenger air bag

River and front passenger side seat-mounted pelvic/thorax side air bags

Roof-rail side curtain air bags, covers front and rear seating rows

Front safety belt pretensioners

Tire pressure monitoring system

Body structure with strategically place high-strength steels"[143]

414. In an August 1, 2007, press statement for the 2008 Cadillac DTS, Old GM stated, "Designed and engineered with occupant safety and protection in mind, the DTS reinforces Cadillac's long-standing reputation for safe occupant environments in premium vehicles. The DTS is equipped with a host of safety and security features, beginning with its body frame integral (BFI) construction, strategically engineered crumple zones in front and rear; and comprehensive use of high-strength steel. The vehicle's crashworthiness is enhanced with structural foam and nylon structural inserts strategically placed in areas of the vehicle's structure."[144]

415. In an August 1, 2007, press statement for the 2008 Pontiac Grand Prix, Old GM represented that the "Grand Prix's convenience and safety features are perfect for drivers

[142] https://archives.media.gm.com/us/buick/en/product_services/r_cars/r_c_lucerne/ 08index.html.
[143] https://archives.media.gm.com/us/cadillac/en/product_services/r_cars/r_c_CTS/08 index.html.
[144] https://archives.media.gm.com/us/cadillac/en/product_services/r_cars/r_c_DTS/ 08index.html.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 157 of 337

who enjoy the precise handling characteristics of a sporty, family-friendly package. The 2008 Grand Prix remains a driver's car inside and out. The active and passive safety features on the Grand Prix include standard four-wheel disc brakes, traction control and daytime running lamps."[145]

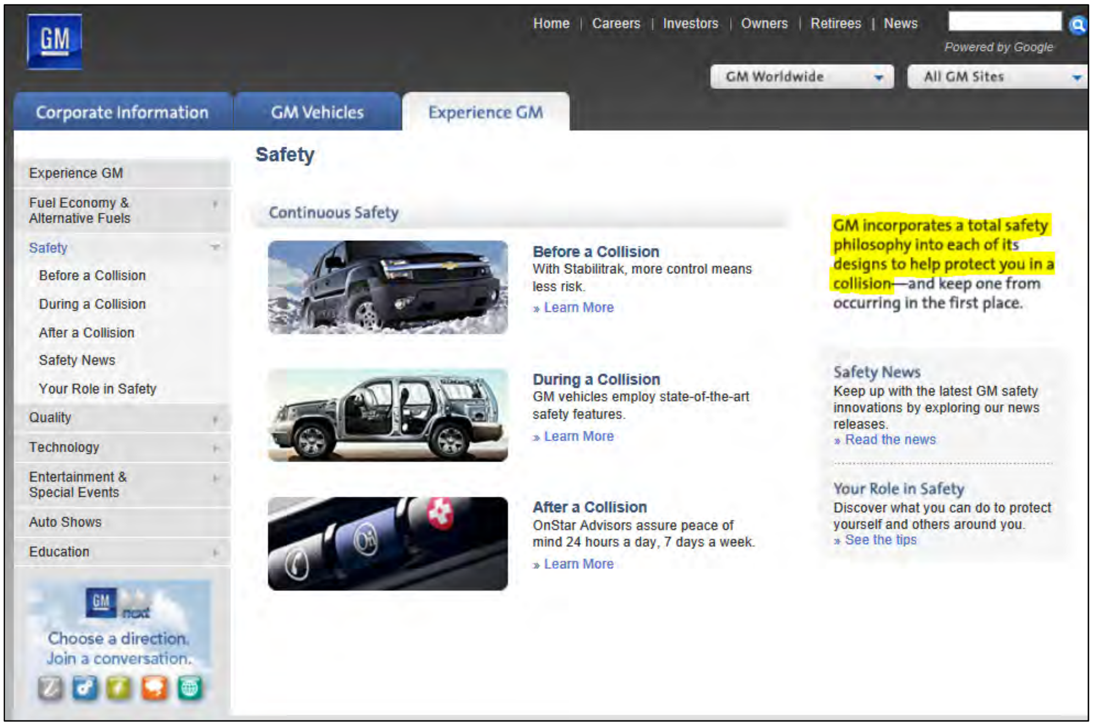
416. Old GM's website on January 15, 2008, stated "GM incorporates a total safety philosophy into each of its designs to help protect you in a collision—and keep one from occurring in the first place."[146]

417. In February 2008, Old GM aired a Chevy Malibu commercial during The Grammy's which stated the Chevy Malibu was "built to last" "because safety should last a lifetime." The commercial used images of a child being raised to adulthood, in order to convey protection and safety.[147]

418. On its website in March of 2008, Old GM stated it was delivering the best cars and trucks in its 100-year history, and that it was "Obsessed with Quality." The website also spoke of "Continuous Safety," and represented that "GM incorporates a total safety philosophy into each of its designs to help protect you in a collision—and keep one from occurring in the first place":[148/149/150]

---

[145] https://archives.media.gm.com/us/pontiac/en/product_services/r_cars/r_c_grandprix/ index.html.
[146] http://web.archive.org/web/20080115004426/http://www.gm.com/explore/safety/.
[147] https://www.youtube.com/watch?v=EgNQ2tns0Gs.
[148] http://web.archive.org/web/20080303182635/http://www.gm.com/corporate/.
[149] http://web.archive.org/web/20080305021951/http://www.gm.com/explore/.
[150] http://web.archive.org/web/20080311045525/http://www.gm.com/explore/safety.



XI. <u>New GM Promoted All Of Its Vehicles As Safe, Reliable, And High-Quality While It Fraudulently Concealed Numerous Safety Defects</u>

A. <u>New GM Claimed To Be Turning Over A New Leaf After The Bankruptcy.</u>

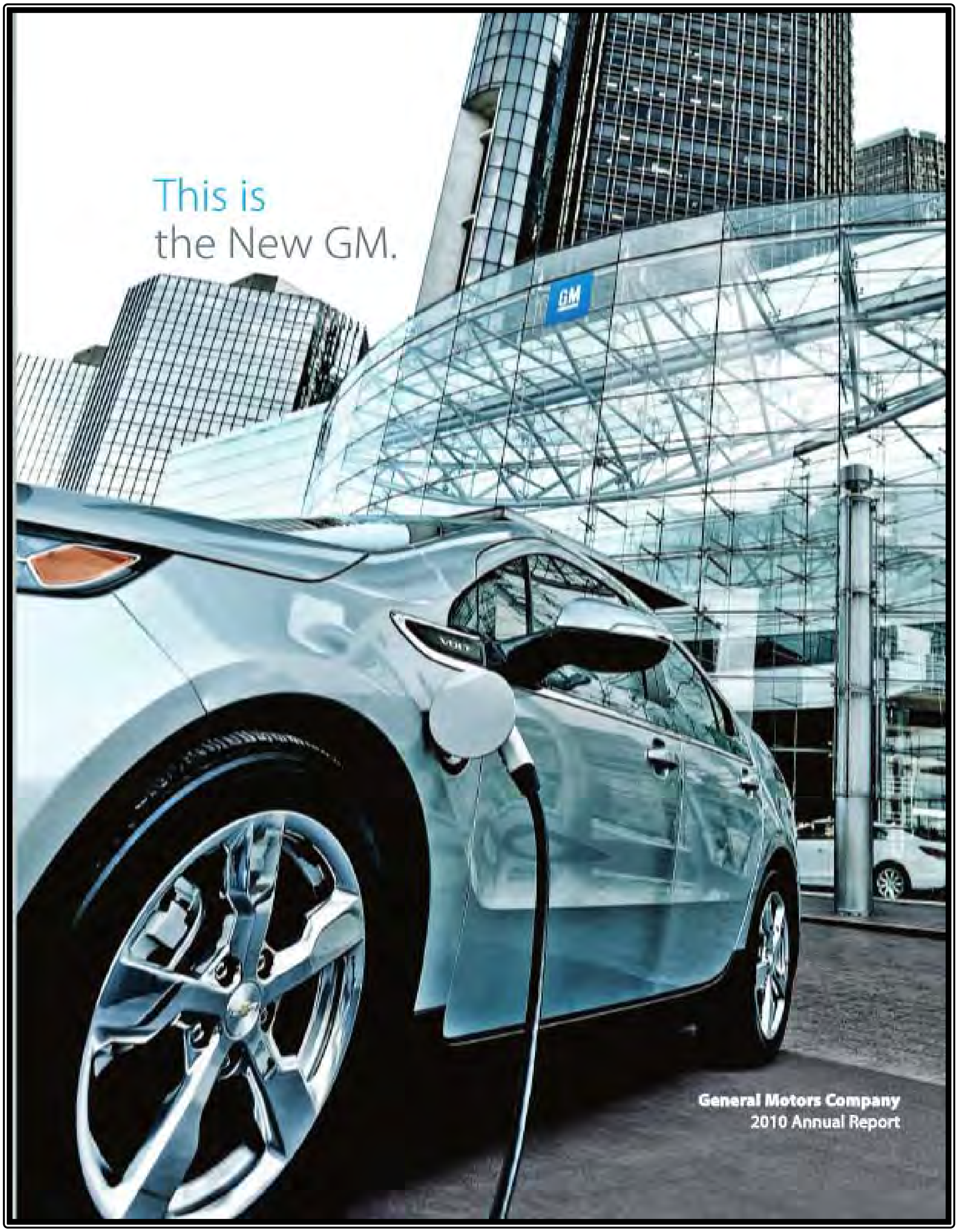
419. New GM was financially successful in emerging from the Old GM bankruptcy. Sales of all its models went up and New GM became profitable. A new GM was born and the GM brand once again stood strong in the eyes of consumers – or so the world thought.

420. In 2010, New GM sold 4.26 million vehicles globally, an average of one every 7.4 seconds. Joel Ewanick, New GM's global chief marketing officer at the time, described this success in a statement to the press, "Chevrolet's dedication to compelling designs, quality, durability and great value is a winning formula that resonates with consumers around the world."[151]

421. New GM led the world and U.S. consumers to believe that, once it emerged from bankruptcy in 2009, it was a new and improved company. New GM repeatedly

[151] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2011/Jan/0117_chev_ global.

proclaimed that it was a company committed to innovation, safety, and maintaining a strong brand:



General Motors Company 2010 Annual Report, cover page.

422. In New GM's 2010 Annual Report, New GM proclaimed its products would "improve safety and enhance the overall driving experience for our customers." (*See* New GM 2010 Annual Report, p. 10.)

> As we regain our financial footing, we expect the number of new product launches to steadily rise over the next several years. And these new products will increasingly embrace advanced technology to reduce fuel consumption and emissions, improve safety and enhance the overall driving experience for our customers.

General Motors Company 2010 Annual Report, p. 4.

423. New GM claimed the New GM would create vehicles that would define the industry stand.

> BUILDING THE NEW GM
>
> We are moving with increased speed and agility, and implementing change faster than ever before. We are becoming a company with the capability, resources and confidence to play offense, not defense. Instead of creating new vehicles that are just better than their predecessors, we're working to design, build and sell vehicles that define the industry standard.

General Motors Company 2010 Annual Report, p. 5.

424. In its 2010 Annual Report New GM told consumers that it built the world's best vehicles:

> *We truly are building a new GM, from the inside out. Our vision is clear: to design, build, and sell the world's best vehicles, and we*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 171 of 337

have a new business model to bring that vision to life. We have a lower cost structure, a stronger balance sheet, and a dramatically lower risk profile. We have a new leadership team – a strong mix of executive talent from outside the industry and automotive veterans – and a passionate, rejuvenated workforce.

"Our plan is to steadily invest in creating world-class vehicles, which will continuously drive our cycle of great design, high quality and higher profitability."

General Motors Company 2010 Annual Report, p. 2.

425. New GM represented that it was building vehicles with design excellence, quality, and performance:

And across the globe, other GM vehicles are gaining similar acclaim for design excellence, quality, and performance, including the Holden Commodore in Australia. Chevrolet Agile in Brazil, Buick LaCrosse in China, and many others.

The company's progress is early evidence of a new business model that begins and ends with great vehicles. We are leveraging our global resources and scale to maintain stringent cost management while taking advantage of growth and revenue opportunities around the world, to ultimately deliver sustainable results for all of our shareholders.

General Motors Company 2010 Annual Report, p. 3.

426. These themes were repeatedly put forward as the core message about New GM's Brand:

The new General Motors has one clear vision: to design, build and sell the world's best vehicles. Our new business model revolves around this vision, focusing on fewer brands, compelling vehicle design, innovative technology, improved manufacturing productivity and streamlined, more efficient inventory processes. The end result is products that delight customers and generate higher volumes and margins—and ultimately deliver more cash to invest in our future vehicles.

A New Vision, a New Business Model

Our vision is simple, straightforward and clear: to design, build and sell the world's best vehicles. That doesn't mean just making our vehicles better than the ones they replace. We have set a higher standard for the new GM—and that means building the best.

Our vision comes to life in a continuous cycle that starts, ends and begins again with great vehicle designs. To accelerate the momentum we've already created, we reduced our North American portfolio from eight brands to four: Chevrolet, Buick, Cadillac and GMC. Worldwide, we're aggressively developing and leveraging global vehicle architectures to maximize our talent and resources and achieve optimum economies of scale.

Across our manufacturing operations, we have largely eliminated overcapacity in North America while making progress in Europe, and we're committed to managing inventory with a new level of discipline. By using our manufacturing capacity more efficiently and maintaining leaner vehicle inventories, we are reducing the need to offer sales incentives on our vehicles. These moves, combined with offering attractive, high-quality vehicles, are driving healthier margins—and at the same time building stronger brands.

Our new business model creates a self-sustaining cycle of reinvestment that drives continuous improvement in vehicle design, manufacturing discipline, brand strength, pricing and margins, because we are now able to make money at the bottom as well as the top of the industry cycles.

We are seeing positive results already. In the United States, for example, improved design, content and quality have resulted in solid gains in segment share, average transaction prices and projected residual values for the Chevrolet Equinox, Buick LaCrosse and Cadillac SRX. This is just the beginning.

General Motors Company 2010 Annual Report, p. 6.

427. New GM boasted of its new "culture":

General Motors Company 2010 Annual Report, p. 16.

428. In its 2011 Annual Report, New GM proclaimed that it was putting its customers first:


Every driver of a GM car, crossover or truck is a driver of our growth. We're putting our vision in motion by putting our customers first—executing our strategy to attract and delight more of them every day, all over the world.

General Motors Company 2011 Annual Report, p. 1.

429. Further, New GM stated that it is committed to leadership in vehicle safety:

Automotive

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the Chevrolet Volt. Our business is

General Motors Company 2011 Annual Report, p. 11.

430. In its 2011 Annual Report, in a "Letter to Stockholders," New GM noted that its brand had grown in value and that it designed the "World's Best Vehicles":

> *Dear Stockholder:*
>
> *Your company is on the move once again. While there were highs and lows in 2011, our overall report card shows very solid marks, including record net income attributable to common stockholders of $7.6 billion and EBIT-adjusted income of $8.3 billion.*
>
> - *GM's overall momentum, including a 13 percent sales increase in the United States, created new jobs and drove investments. We have announced investments in 29 U.S. facilities totaling more than $7.1 billion since July 2009, with more than 17,500 jobs created or retained.*
>
> *Design, Build and Sell the World's Best Vehicles*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 175 of 337

> *This pillar is intended to keep the customer at the center of everything we do, and success is pretty easy to define. It means creating vehicles that people desire, value and are proud to own. When we get this right, it transforms our reputation and the company's bottom line.*

General Motors Company 2011 Annual Report, p. 2.

> *Strengthen Brand Value*
>
> *Clarity of purpose and consistency of execution are the cornerstones of our product strategy, and two brands will drive our global growth. They are Chevrolet, which embodies the qualities of value, reliability, performance, and expressive design; and Cadillac, which creates luxury vehicles that are provocative and powerful. At the same time the Holden, Buick, GMC, Baojun, Opel and Vauxhall brands are being carefully cultivated to satisfy as many customers as possible in select regions.*
>
> *Each day the cultural change underway at GM becomes more striking. The old internally focused, consensus-driven and overly complicated GM is being reinvented brick by brick, by truly accountable executives who know how to take calculated risks and lead global teams that are committed to building the best vehicles in the world as efficiently as we can.*
>
> *That's the crux of our plan. The plan is something we can control. We like the results we're starting to see and we're going to stick to it – always.*

General Motors Company 2011 Annual Report, p. 3.

These themes continued in New GM's 2012 Annual Report:

DANIEL F. AKERSON
Chairman & Chief Executive Officer
with the 2014 Cadillac CTS

TO OUR STOCKHOLDERS:

Last year, I closed my letter to you by talking about how GM was changing its processes and culture in order to build the best vehicles in the world much more efficiently and profitably. This year, I want to pick up where I left off, and articulate what success looks like for you as stockholders, and for everyone else who depends on us. »

General Motors Company 2012 ANNUAL REPORT 3

General Motors Company 2012 Annual Report, p. 3.

431. New GM told the world the following about its brand:

> *What is immutable is our focus on the customer, which requires us to go from "good" today to "great" in everything we do, including product design, initial quality, durability, and service after the sale.*

General Motors Company 2012 Annual Report, p. 4.

432. New GM also indicated it had changed its structure to create more "accountability" which, as shown below, was a blatant falsehood:

> *That work continues, and it has been complemented by changes to our design and engineering organization that have flattened the*

> *structure and created more accountability for produce execution, profitability and customer satisfaction.*

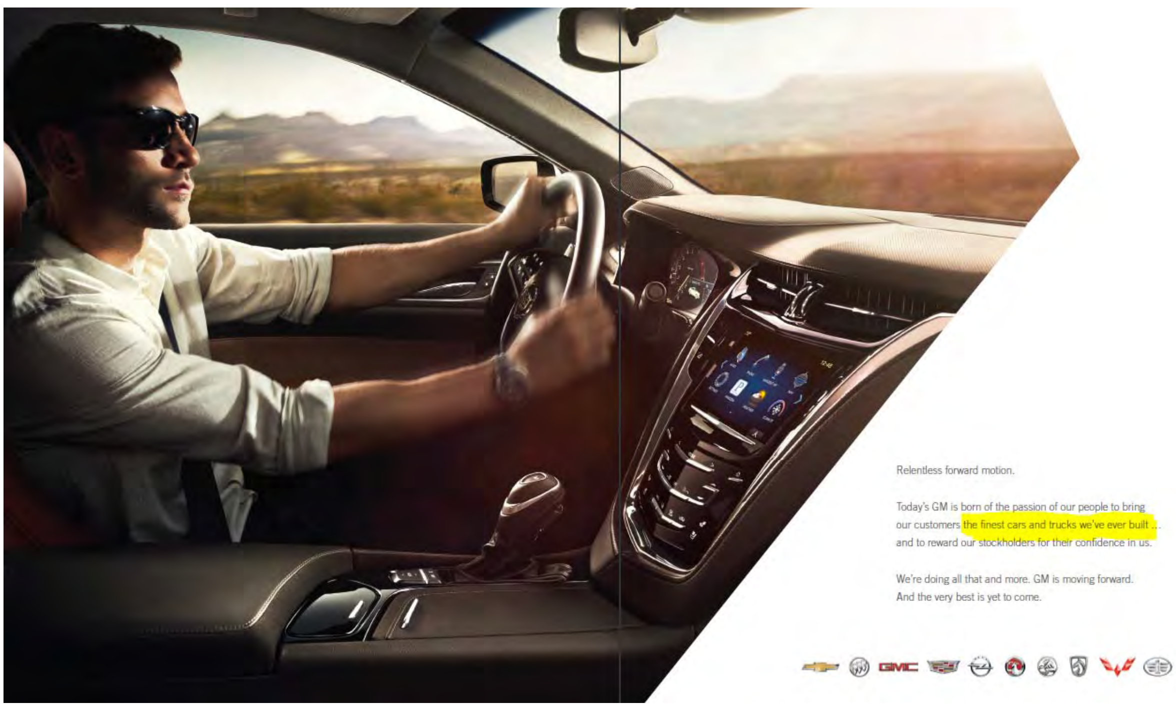
General Motors Company 2012 Annual Report, p. 10.

433. And New GM represented that product quality was a key focus – another blatant falsehood:

> *Product quality and long-term durability are two other areas that demand our unrelenting attention, even though we are doing well on key measures.*

General Motors Company 2012 Annual Report, p. 10.

434. New GM's 2013 Annual Report stated "Today's GM is born of the passion of our people to bring our customers the finest cars and trucks we've ever built":



General Motors Company 2013 Annual Report, inside front cover dual page, (unnumbered).

435. In addition, New GM represented: "Nothing is more important than the safety of our customers":

> Nothing is more important than the safety of our customers, so we are also making changes to ensure that something like this does not happen again. One of our first actions was to name a vice president of Global Vehicle Safety to oversee the safety development of GM vehicle systems on a global basis, the confirmation and validation of safety performance, and post-sale safety activities such as recalls. There will be more changes because we are determined to emerge from this crisis stronger and wiser so we can accelerate the momentum we generated through-out 2013.

General Motors Company 2013 Annual Report, p. 4.

B. <u>New GM's Advertising And Literature Claimed That GM Placed Safety And Quality First.</u>

436. In May of 2014, New GM sponsored the North American Conference on Elderly Mobility. Gay Kent, director, New GM global vehicle safety, and a presenter at the conference stated: "The safety of all our customers is our utmost concern.[152]

437. In advertisements and company literature, New GM consistently promoted all its vehicles as safe and reliable, and presented itself as a responsible manufacturer that stands behind GM-branded vehicles after they are sold. New GM has made, and continues to make, misleading safety and reliability claims in public statements, advertisements, and literature provided with its vehicles. For example:

438. An online ad for "GM certified" used vehicles that ran from July 6, 2009, until April 5, 2010, stated that "GM certified means no worries."

439. In April 2010, General Motors Company Chairman and CEO, Ed Whitacre, starred in a commercial video advertisement on behalf of New GM. In it, Mr. Whitacre acknowledged that not all Americans wanted to give New GM a second chance, but that New

[152] https://media.gm.com/media/us/en/gm/news.detail./content/Pages/news/us/en/2014/May/0514-cameras.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 179 of 337

GM wanted to make itself a company that "all Americans can be proud of again" and "exceed every goal [Americans] set for [General Motors]." He stated that New GM was "designing, building, and selling the best cars in the world." He continued by saying New GM has "unmatched lifesaving technology" to keep customers safe. He concluded by inviting the viewer to take a look at "the new GM."[153]

440. A radio ad that ran from New GM's inception until July 16, 2010 stated that "[a]t GM, building quality cars is the most important thing we can do."

441. On November 10, 2010, General Motors published a video that told consumers that New GM prevents any defects from reaching consumers. The video, entitled "Andy Danko: The White Glove Quality Check," wherein it is stated that there are "quality processes in the plant that prevent any defects from getting out." The video also stated that the goal when a customer buys a New GM vehicle is that they "drive it down the road and they never go back to the dealer."[154]

[153] https://www.youtube.com/watch?v=jbXpV0aqEM4.
[154] https://www.youtube.com/watch?v=JRFO8UzoNho&list=UUxN-Csvy_9sveql5HJviDjA.

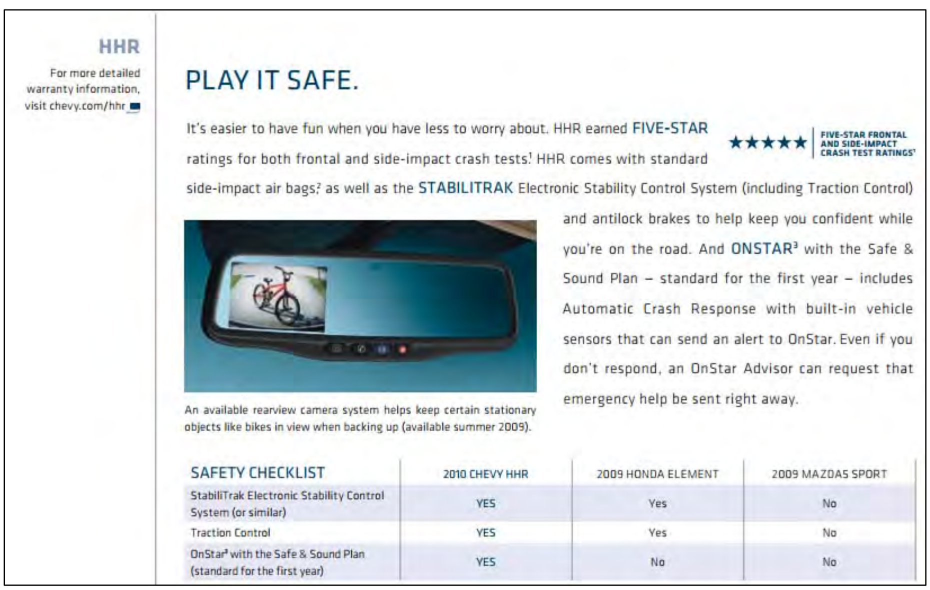
442. In 2010 New GM ran a television advertisement for its Chevrolet brand that implied its vehicles were safe by showing parents bringing their newborn babies home from the hospital, with the tagline "as long as there are babies, there will be Chevys to bring them home."[155]

443. Another 2010 television ad informed consumers that "Chevrolet's ingenuity and integrity remain strong, exploring new areas of design and power, while continuing to make some of the safest vehicles on earth."

444. New GM's 2010 brochure for the Chevy Cobalt states "Chevy Cobalt is savvy when it comes to standard safety" and "you'll see we've thought about safety so you don't have to." It also states "[w]e're filling our cars and trucks with the kind of thinking, features and craftsmanship you'd expect to pay a lot more for."[156]

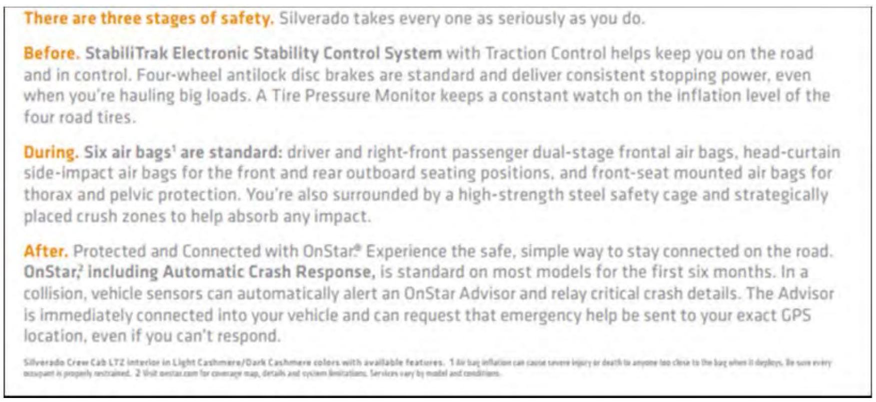
[155] https://www.youtube.com/watch?v=rb28vTN382g.
[156] https://www.auto-brochures.com/makes/Chevrolet/Cobalt/Chevrolet_US%20Cobalt_2010.pdf.

445. New GM's 2010 Chevy HHR brochure proclaims "PLAY IT SAFE" and "It's easier to have fun when you have less to worry about."[157]



[157] https://www.auto-brochures.com/makes/Chevrolet/HHR/Chevrolet_US%20HHR_2010.pdf.

446. New GM's brochure for the 2011 Chevrolet Silverado states "Silverado – the most dependable, long-lasting full size pickups on the road." It goes on to state "[t]here are three stages of safety. Silverado takes every one as seriously as you do."[158]



There are three stages of safety. Silverado takes every one as seriously as you do.

Before. StabiliTrak Electronic Stability Control System with Traction Control helps keep you on the road and in control. Four-wheel antilock disc brakes are standard and deliver consistent stopping power, even when you're hauling big loads. A Tire Pressure Monitor keeps a constant watch on the inflation level of the four road tires.

During. Six air bags[1] are standard: driver and right-front passenger dual-stage frontal air bags, head-curtain side-impact air bags for the front and rear outboard seating positions, and front-seat mounted air bags for thorax and pelvic protection. You're also surrounded by a high-strength steel safety cage and strategically placed crush zones to help absorb any impact.

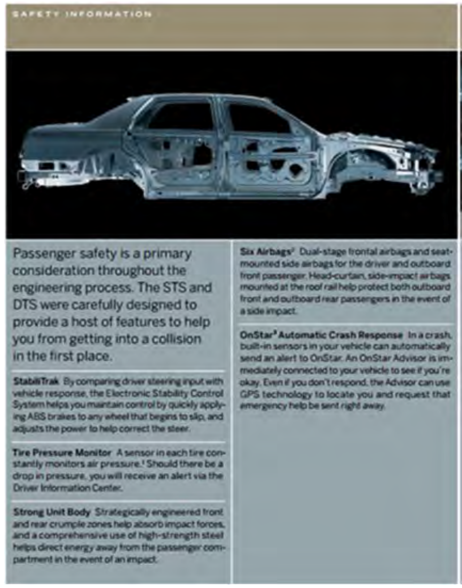
After. Protected and Connected with OnStar.® Experience the safe, simple way to stay connected on the road. **OnStar,[2] including Automatic Crash Response,** is standard on most models for the first six months. In a collision, vehicle sensors can automatically alert an OnStar Advisor and relay critical crash details. The Advisor is immediately connected into your vehicle and can request that emergency help be sent to your exact GPS location, even if you can't respond.

Silverado Crew Cab LTZ interior in Light Cashmere/Dark Cashmere colors with available features.

447. The brochure for the 2011 Cadillac DTS and STS states "Passenger safety is a primary consideration throughout the engineering process." It continues by stating "[t]he STS and DTS were carefully designed to provide a host of features to help you from getting into a collision in the first place."[159]

---

[158] https://www.auto-brochures.com/makes/Chevrolet/Silverado/Chevrolet_US%20Silverado_2011.pdf.
[159] https://www.auto-brochures.com/makes/Cadillac/Cadillac_US%20STS-DTS_2011.pdf.


SAFETY INFORMATION

Passenger safety is a primary consideration throughout the engineering process. The STS and DTS were carefully designed to provide a host of features to help you from getting into a collision in the first place.

StabiliTrak By comparing driver steering input with vehicle response, the Electronic Stability Control System helps you maintain control by quickly applying ABS brakes to any wheel that begins to slip, and adjusts the power to help correct the steer.

Tire Pressure Monitor A sensor in each tire constantly monitors air pressure.[1] Should there be a drop in pressure, you will receive an alert via the Driver Information Center.

Strong Unit Body Strategically engineered front and rear crumple zones help absorb impact forces, and a comprehensive use of high-strength steel helps direct energy away from the passenger compartment in the event of an impact.

Six Airbags[2] Dual-stage frontal airbags and seat-mounted side airbags for the driver and outboard front passenger. Head-curtain, side-impact airbags mounted at the roof rail help protect both outboard front and outboard rear passengers in the event of a side impact.

OnStar[3] Automatic Crash Response In a crash, built-in sensors in your vehicle can automatically send an alert to OnStar. An OnStar Advisor is immediately connected to your vehicle to see if you're okay. Even if you don't respond, the Advisor can use GPS technology to locate you and request that emergency help be sent right away.

448. On August 29, 2011, New GM stated on its website that: "Chevrolet provides consumers with fuel-efficient, safe and reliable vehicles that deliver high quality, expressive design, spirited performance and value."[160]

449. On September 29, 2011, New GM announced on the "News" portion of its website the introduction of front center airbags. The announcement included a quote from Gay Kent, New GM executive director of Vehicle Safety and Crashworthiness, who stated that: "This technology is a further demonstration of New GM's above-and-beyond commitment to provide continuous occupant protection before, during and after a crash."[161]

450. On December 27, 2011, Gay Kent, Executive Director of Vehicle Safety, was quoted in an interview on New GM's website as saying: "Our safety strategy is about providing continuous protection for our customers before, during and after a crash."[162]

451. New GM's brochure for the 2012 Chevrolet Impala proclaims: "[a] safety philosophy that RUNS DEEP," and that "if a moderate to severe collision does happen, Impala is designed to respond quickly":[163]

---

[160] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2014/Jul/0731-mpg.
[161] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2011/Sep/0929_airbag.
[162] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2011/Dec/1227_safety.

452. New GM's brochure for the 2012 Cadillac CTS states "At Cadillac, we believe the best way to survive a collision is to avoid one in the first place." It goes on to say "Active safety begins with a responsive engine, powerful brakes, and an agile suspension."[164]

Footnote continued from previous page

[163] https://www.chevrolet.com/content/dam/Chevrolet/northamerica/usa/nscwebsite/en/Home/Help%20Center/Download%20a%20Brochure/02_PDFs/2012_Impala_eBrochure.pdf.

[164] https://www.auto-brochures.com/makes/Cadillac/CTS/Cadillac_US%20CTS_2012.pdf.

453. On January 3, 2012, Gay Kent, New GM Executive Director of Vehicle Safety, was quoted on New GM's website as saying: "From the largest vehicles in our lineup to the smallest, we are putting overall crashworthiness and state-of-the-art safety technologies at the top of the list of must-haves."[165]

454. An online national ad campaign for New GM in April 2012 stressed "Safety. Utility. Performance."

455. On June 5, 2012, New GM posted an article on its website announcing that its Malibu Eco had received top safety ratings from the National Highway Traffic Safety Administration and the Insurance Institute for Highway Safety. The article includes the following quotes: "With the Malibu Eco, Chevrolet has earned seven 2012 TOP SAFETY PICK awards," said IIHS President Adrian Lund. "The IIHS and NHTSA results demonstrate GM's commitment to state-of-the-art crash protection." And "We are now seeing the results from our commitment to design the highest-rated vehicles in the world in safety performance," said Gay Kent, New GM executive director of Vehicle Safety. "Earning these top safety ratings demonstrates the strength of the Malibu's advanced structure, overall crashworthiness and effectiveness of the vehicle's state-of-the-art safety technologies."[166]

456. On June 5, 2012, New GM posted an article on its website entitled "Chevrolet Backs New Vehicle Lineup with Guarantee," which included the following statement: "We have transformed the Chevrolet lineup, so there is no better time than now to reach out to new customers with the love it or return it guarantee and very attractive, bottom line pricing," said Chris Perry, Chevrolet global vice president of marketing. "We think customers who have been driving competitive makes or even older Chevrolets will be very pleased by today's

[165] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2012/Jan/0103_sonic.
[166] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2012/Jun/0605_malibu safety.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/04/14 Page 196 of 337

Chevrolet designs, easy-to-use technologies, comprehensive safety and the quality built into all of our cars, trucks and crossovers."[167]

457. On November 5, 2012, New GM published a video to advertise its "Safety Alert Seat" and other safety sensors. The video described older effective safety systems and then added that new systems "can offer drivers even more protection." Then, a Cadillac Safety Engineer stated there "are a variety of crash avoidance sensors that work together to help the driver avoid crashes." Finally, the engineer then discussed all the sensors and the safety alert seat on the Cadillac XTS, leaving the viewer with the impression safety was a top priority at Cadillac.[168]

458. New GM's brochure for the 2013 Chevrolet Traverse states "Traverse provides peace of mind with an array of innovative safety features" and "[i]t helps protect against the unexpected."[169]

[167] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2012/Jul/0710_ confidence.
[168] https://www.youtube.com/watch?v=CBEvflZMTeM.
[169] https://www.auto-brochures.com/makes/Chevrolet/Traverse/Chevrolet_US%20Traverse_2013.pdf.

459. A national print ad campaign in April 2013 states that "[w]hen lives are on the line, you need a dependable vehicle you can rely on. Chevrolet and GM … for power, performance and safety."

460. On November 8, 2013, New GM posted a press release on its website regarding GMC, referring to it as "one of the industry's healthiest brands":[170]

About GMC

GMC has manufactured trucks since 1902, and is one of the industry's healthiest brands. Innovation and engineering excellence is built into all GMC vehicles and the brand is evolving to offer more fuel-efficient trucks and crossovers, including the Terrain small SUV and Acadia crossover. The 2014 Sierra half-ton pickup boasts all-new powertrains and design, and the Sierra Heavy Duty pickups are the most capable and powerful trucks ever built by GMC. Every retail GMC model, including Yukon and Yukon XL full-size SUVs, is now available in Denali luxury trim. Details on all GMC models are available at http://www.gmc.com/, on Twitter at @thisisgmc or at http://www.facebook.com/gmc.

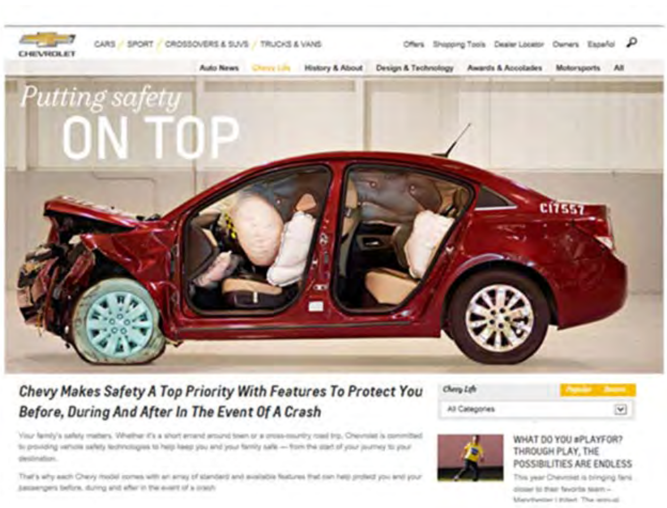
461. A December 2013 New GM testimonial ad stated that "GM has been able to deliver a quality product that satisfies my need for dignity and safety."

[170] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2013/Nov/1108-truck-lightweighting.

462. In 2013, New GM proclaimed on its website, https://www.gm.com, the company's passion for building and selling the world's best vehicles as "the hallmark of our customer-driven culture":[171]

463. On the same website in 2013, New GM stated: "At GM, it's about getting everything right for our customers – from the way we design, engineer and manufacture our vehicles, all the way through the ownership experience."[172]

464. On its website, Chevrolet.com, New GM promises that it is "Putting safety ON TOP," and that "Chevy Makes Safety a Top Priority":[173]



465. On its website, Buick.com, New GM represents that "Keeping you and your family safe is a priority":[174]

[171] https://www.gm.com/company/aboutGM/our_company.
[172] https://www.gm.com/vision/quality_safety/it_begins_with_a_commitment_to_Quality.
[173] https://www.chevrolet.com/culture/article/vehicle-safety-preparation.
[174] https://www.buick.com/top-vehicle-safety-features.

BUICK

MODELS
View All

SHOP BUICK
Build Offers Locate

TOP 5 INNOVATIVE VEHICLE SAFETY FEATURES FROM BUICK

Innovative car safety features are usually high on the list of must-haves when selecting a new car and expectations are even higher when it comes to purchasing a luxury vehicle. Buick delivers with great advancements in vehicle safety technology, giving you greater awareness of your surroundings, greater control over your vehicle, and even alerts to any potential trouble before it happens. Such vehicle safety features are available or standard in all current Buick luxury sedans and luxury crossover SUVs.

Sometimes, when you're backing up, you can't always see your surroundings with absolute clarity. Such blind spots can leave you open to the possibility of backing into a potentially dangerous situation. The state-of-the-art Rear Cross Traffic Alert, on the Verano with the available Convenience Group, was developed to alert you to any approaching vehicles or pedestrians within 65 feet of your vehicle. Like the blind zones that may impede visibility when backing up, there can be blind spots on the sides. Many drivers have had the experience of being surprised by another vehicle in a blind spot alongside when intending to change lanes. To reduce this potential danger, Side Blind Zone Alert was created. Available in the Enclave luxury SUV and Lacrosse luxury AWD mid-size sedan models, this feature uses radar to sense vehicles that are in your blind spot and alerts you to their presence. Driving on slick or loose surfaces, you run the risk of losing grip of the road and losing control. In recent years, extremely sophisticated traction and vehicle control systems have developed to give you greater car control. Continuously monitoring how much grip your tires have, traction control comes standard in Enclave, Lacrosse, Verano, and Regal models to transfer power to the wheel with the most grip. In the event that your car is not adequately responding to your steering commands, StabiliTrak detects the difference between the steering wheel angle and the direction you are turning, then applies quick, precise force to the appropriate brakes to help you maintain control the vehicle's direction and help keep it on course.

There are certain situations on the road in which events unfold more quickly than we might first be aware. Luckily, one of the newest available car safety features is Forward Collision Alert. Using cameras mounted on the front of the vehicle, your Buick can alert you to a possible collision threat so you can take action to reduce the risk of having a frontal crash.

Lastly, one of the most unique new car safety features is a system that helps you stay between the lines. There are some instances when we may start to drift out of our lane. Using onboard cameras, the Lane Departure Warning system gives you a visual and audible alert if it senses you are moving from your lane without using your turn signal. The system constantly monitors lane markings on the road and helps you to be aware and stay safe.

Keeping you and your family safe is a priority and Buick is committed to this priority through the delivery of innovative safety technologies. Discover all the reasons why Buick luxury vehicles are considered some of the most advanced on the road and begin demanding more from your luxury car.

466. New GM's website currently states:[175]

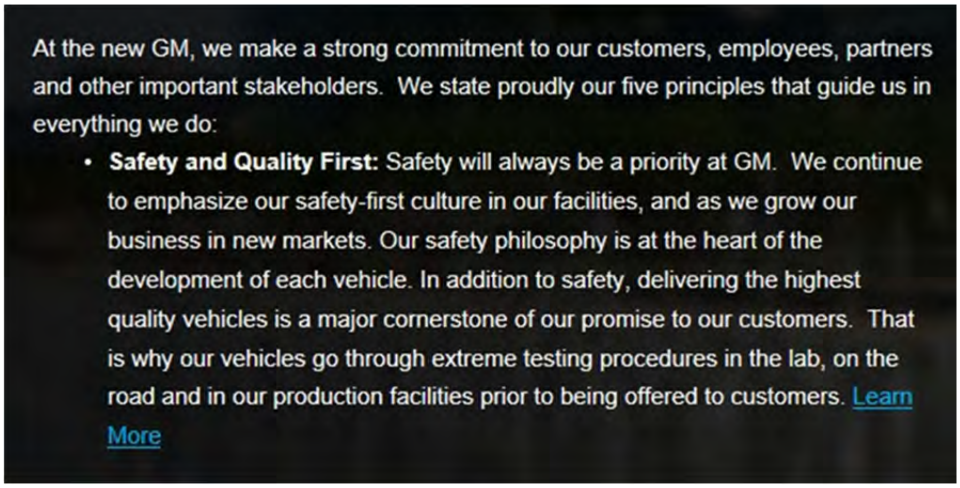
> *Innovation: Quality & Safety; GM's Commitment to Safety; Quality and safety are at the top of the agenda at GM, as we work on technology improvements in crash avoidance and crashworthiness to augment the post-event benefits of OnStar, like advanced automatic crash notification.*
>
> *Understanding what you want and need from your vehicle helps GM proactively design and test features that help keep you safe and enjoy the drive. Our engineers thoroughly test our vehicles for durability, comfort, and noise minimization before you think about them. The same quality process ensures our safety technology performs when you need it.*

467. New GM's website further promises: Safety and Quality First: Safety will always be a priority at New GM. We continue to emphasize our safety-first culture in our facilities," and that, "[i]n addition to safety, delivering the highest quality vehicles is a major cornerstone of our promise to our customers":[176]

---

[175] https://www.gm.com/vision/quality_safety/gms_commitment_tosafety.
[176] https://www.gm.com/company/aboutGM/our_company.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 590 of 337


At the new GM, we make a strong commitment to our customers, employees, partners and other important stakeholders. We state proudly our five principles that guide us in everything we do:

- **Safety and Quality First:** Safety will always be a priority at GM. We continue to emphasize our safety-first culture in our facilities, and as we grow our business in new markets. Our safety philosophy is at the heart of the development of each vehicle. In addition to safety, delivering the highest quality vehicles is a major cornerstone of our promise to our customers. That is why our vehicles go through extreme testing procedures in the lab, on the road and in our production facilities prior to being offered to customers. Learn More

468. New GM's current website states that "leading the way is our seasoned leadership team who set high standards for our company so that we can give you the best cars and trucks. This means that we are committed to delivering vehicles with compelling designs, flawless quality, and reliability, and leading safety, fuel economy and infotainment features… Safety and Quality First: Safety will always be a priority at New GM. We continue to emphasize our safety-first culture in our facilities, and as we grow our business in new markets. Our safety philosophy is at the heart of the development of each vehicle. In addition to safety, delivering the highest quality vehicles is a major cornerstone of our promise to our customers. That is why our vehicles go through extreme testing procedures in the lab, on the road and in our production facilities prior to being offered to customers."[177]

469. New GM is highly aware of the impact vehicle recalls, and their timeliness, have on its brand image. In its 2010 Form 10-K submitted to the United States Securities and Exchange Commission ("SEC"), New GM admitted that "Product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the safety or reliability of our products. Any costs incurred or lost sales caused by

[177] https://www.gm.com/company/aboutGM/our_company.

future product recalls could materially adversely affect our business. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers…" General Motors 2010 Form 10-K, p. 31.[178]

470. In its 2011 10-K SEC filing, New GM stated "We are a leading global automotive company. Our vision is to design, build and sell the world's best vehicles. We seek to distinguish our vehicles through superior design, quality, reliability, telematics (wireless voice and data) and infotainment and safety within their respective segments." General Motors 2011 Form 10-K, p. 50.[179]

471. New GM's relentlessly repeated and reinforced product quality and safety representations were not mere harmless "puffery." New GM made these and similar representations to boost vehicle sales while knowing the starkly contrasting truth that millions of GM-branded vehicles, across numerous models and years, were plagued with serious and concealed safety defects that were putting its customers, their passengers, and all those who shared the road with its Defective Vehicles at constant risk of crashes, injury and death.

C. New GM Concealed And Disregarded Safety Issues As A Way Of Doing Business.

472. Ever since its inception, New GM possessed vastly superior knowledge and information to that of consumers – if not exclusive information – about the design and function of GM-branded vehicles and the existence of the defects in those vehicles.

473. Recently revealed information presents a disturbing picture of New GM's approach to safety issues – both in the design and manufacture stages, and in discovering and responding to defects in GM-branded vehicles that have already been sold.

[178] https://www.sec.gov/Archives/edgar/data/1467858/000119312510078119/d10k.htm#toc85733_4.
[179] https://www.sec.gov/Archives/edgar/data/1467858/000119312511051462/d10k.htm.

474. New GM made very clear to its personnel that cost-cutting was more important than safety, deprived its personnel of necessary resources for spotting and remedying defects, trained its employees not to reveal known defects, and rebuked those who attempted to “push hard” on safety issues.

475. One “directive” at New GM was “cost is everything.”[180] The messages from top leadership at New GM to employees, as well as their actions, were focused on the need to control cost.[181]

476. One New GM engineer stated that emphasis on cost control at New GM “permeates the fabric of the whole culture.”[182]

477. According to Mark Reuss (President of GMNA from 2009-2013 before succeeding Mary Barra as Executive Vice President for Global Product Development, Purchasing and Supply Chain in 2014), cost and time-cutting principles known as the “Big 4” at New GM “emphasized timing over quality.”[183]

478. New GM’s focus on cost-cutting created major disincentives to personnel who might wish to address safety issues. For example, those responsible for a vehicle were responsible for its costs, but if they wanted to make a change that incurred cost and affected other vehicles, they also became responsible for the costs incurred in the other vehicles.

479. As another cost-cutting measure, parts were sourced to the lowest bidder, even if they were not the highest quality parts.[184]

480. Because of New GM’s focus on cost-cutting, New GM Engineers did not believe they had extra funds to spend on product improvements.[185]

---

[180] Valukas Report at 249.
[181] *Id*. at 250.
[182] *Id*.
[183] *Id*.
[184] *Id*. at 251.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 193 of 337

481. New GM's focus on cost-cutting also made it harder for New GM personnel to discover safety defects, as in the case of the "TREAD Reporting team."

482. New GM used its TREAD database (known as "TREAD") to store the data required to be reported quarterly to NHTSA under the TREAD Act.[186] From the date of its inception in 2009, TREAD has been the principal database used by New GM to track incidents related to its vehicles.[187]

483. From 2003-2007 or 2008, the TREAD Reporting team had eight employees, who would conduct monthly searches and prepare scatter graphs to identify spikes in the number of accidents or complaints with respect to various GM-branded vehicles. The TREAD Reporting team reports went to a review panel and sometimes spawned investigations to determine if any safety defect existed.[188]

484. In or around 2007-08, Old GM cut its TREAD Reporting team from eight to three employees, and the monthly data mining process pared down.[189] In 2010, New GM restored two people to the team, but they did not participate in the TREAD database searches.[190] Moreover, until 2014, the TREAD Reporting team did not have sufficient resources to obtain any of the advanced data mining software programs available in the industry to better identify and understand potential defects.[191]

485. By starving the TREAD Reporting team of the resources it needed to identify potential safety issues, New GM helped to insure that safety issues would not come to light.

Footnote continued from previous page
[185] *Id.*
[186] *Id*. at 306.
[187] *Id.*
[188] *Id*. at 307.
[189] *Id.*
[190] *Id*. at 307-308.
[191] *Id*. at 208.

486. "[T]here was resistance or reluctance to raise issues or concerns in the GM culture." The culture, atmosphere and supervisor response at New GM "discouraged individuals from raising safety concerns."[192]

487. New GM CEO, Mary Barra, experienced instances where New GM engineers were "unwilling to identify issues out of concern that it would delay the launch" of a vehicle.[193]

488. New GM supervisors warned employees to "never put anything above the company" and "never put the company at risk."[194]

489. New GM "pushed back" on describing matters as safety issues and, as a result, "GM personnel failed to raise significant issues to key decision-makers."[195]

490. So, for example, and as set forth above, New GM discouraged the use of the word "stall" in Technical Service Bulletins ("TSBs") it sometimes sent to dealers because the word "stall" was a "hot" word that may raise concerns at NHTSA.[196]

491. Direct of Brand Quality Steven Oakley, who drafted TSBs, noted that "he was reluctant to push hard on safety issues because of his perception that his predecessor had been pushed out of the job for doing just that."[197]

492. Many New GM employees "did not take notes at all at critical safety meetings because they believed New GM lawyers did not want such notes taken."[198]

493. A New GM training document released by NHTSA as an attachment to its Consent Order sheds further light on the lengths to which New GM went to ensure that known

[192] *Id*. at 252.
[193] *Id*.
[194] *Id*. at 252-253.
[195] *Id*. at 253.
[196] *Id*. at 92.
[197] *Id*.
[198] *Id*. at 254.

defects were concealed. It appears that the defects were concealed pursuant to a company policy New GM inherited from Old GM.

494. The document consists of slides from a 2008 Technical Learning Symposium for "designing engineers," "company vehicle drivers," and other employees at Old GM. On information and belief, the vast majority of employees who participated in this webinar presentation continued on in their same positions at New GM after July 10, 2009.

495. The presentation focused on recalls, and the "reasons for recalls."

496. One major component of the presentation was captioned "Documentation Guidelines," and focused on what employees should (and should not say) when describing problems in vehicles.

497. Employees were instructed to "[w]rite smart," and to "[b]e factual, not fantastic" in their writing.

498. Company vehicle drivers were given examples of comments to avoid, including the following: "This is a safety and security issue"; "I believe the wheels are too soft and weak and could cause a serious problem"; and "Dangerous … almost caused accident."

499. In documents used for reports and presentations, employees were advised to avoid a long list of words, including: "bad," "dangerous," "defect," "defective," "failed," "flawed," "life-threatening," "problem," "safety," "safety-related," and "serious."

500. As NHTSA's Acting Administrator Friedman noted at the May 16, 2014, press conference announcing the Consent Order concerning the ignition switch defect, it was New GM's company policy to avoid using words that might suggest the existence of a safety defect:

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 196 of 337

> *GM must rethink the corporate philosophy reflected in the documents we reviewed, including training materials that explicitly discouraged employees from using words like 'defect,' 'dangerous,' 'safety related,' and many more essential terms for engineers and investigators to clearly communicate up the chain when they suspect a problem.'*

501. New GM appears to have trained its employees to conceal the existence of known safety defects from consumers and regulators. Indeed, it is nearly impossible to convey the potential existence of a safety defect without using the words "safety" or "defect" or similarly strong language that was verboten at New GM.

502. So institutionalized at New GM was the "phenomenon of avoiding responsibility" that the practice was given a name: "the 'GM salute,'" which was "a crossing of the arms and pointing outward towards others, indicating that the responsibility belongs to someone else, not me."[199]

503. CEO Mary Barra described a related New GM phenomenon, "known as the 'GM nod,'" which was "when everyone nods in agreement to a proposed plan of action, but then leaves the room with no intention to follow through, and the nod is an empty gesture."[200]

504. According to the New GM Report prepared by Anton R. Valukas, part of the failure to properly correct the ignition switch defect was due to problems with New GM's organizational structure.[201] Part of the failure to properly correct the ignition switch defect was due to a corporate culture that did not care enough about safety.[202] Part of the failure to properly correct the ignition switch defect was due to a lack of open and honest communication with NHTSA regarding safety issues.[203] Part of the failure to properly correct

[199] GM Report at 255.
[200] *Id*. at 256.
[201] *Id*. at 259-260.
[202] *Id*. at 260-61.
[203] *Id*. at 263.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 197 of 337

the ignition switch defect was due to improper conduct and handling of safety issues by lawyers within New GM's Legal Staff.[204] On information and belief, all of these issues also helped cause the concealment of and failure to remedy the many defects that have led to the spate of recalls in the first half of 2014.

505. An automobile manufacturer has a duty to promptly disclose and remedy defects. New GM knowingly concealed information about material safety hazards from the driving public, its own customers, and the Class, thereby allowing unsuspecting vehicle owners and lessees to continue unknowingly driving patently unsafe vehicles which posed a mortal danger to themselves, their passengers and loved ones, other drivers, and pedestrians.

506. Not only did New GM take far too long in failing to address or remedy the defects, it deliberately worked to cover-up, hide, omit, fraudulently conceal and/or suppress material facts from the Class who relied upon it to the detriment of the Class.

D. New GM Admitted Its Failure To Disclose The Defects In Its Vehicle, Attempting To Reassure The Public That It Can Now Be Trusted.

507. Consistent with its CEO's contrition, GM has once again embarked on a public campaign to convince the public that, this time, it has sincerely reformed.

508. On February 25, 2014, New GM North America President, Alan Batey, publically stated: "Ensuring our customers' safety is our first order of business. We are deeply sorry and we are working to address this issue as quickly as we can."[205]

509. In a press release on March 18, 2014 New GM announced that Jeff Boyer had been named to the newly created position of Vice President, Global Vehicle Safety. In the press release New GM quoted Mr. Boyer as stating that: "Nothing is more important than the

---

[204] *Id*. at 264.
[205] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2014/Feb/0225-ion.

safety of our customers in the vehicles they drive. Today's GM is committed to this, and I'm ready to take on this assignment."[206]

510. On May 13, 2014, New GM published a video to defend its product and maintain that the ignition defect will never occur when only a single key is used. Jeff Boyer, New GM Vice President of Global Vehicle Safety, addressed viewers and told them New GM's Milford Proving Ground is "the largest and most comprehensive testing facilities in the world." He told viewers that if you use a New GM single key that there is no safety risk.[207]

511. As of July 2014, New GM continues to praise its safety testing. It published a video entitled "90 Years of Safety Testing at New GM's Milford Proving Ground." The narrator describes New GM's testing facility as "one of the world's top automotive facilities" where data is "analyzed for customer safety." The narrator concludes by saying, "[o]ver the past ninety years one thing remained unchanged, GM continues to develop and use the most advanced technologies available to deliver customers the safest vehicles possible."[208]

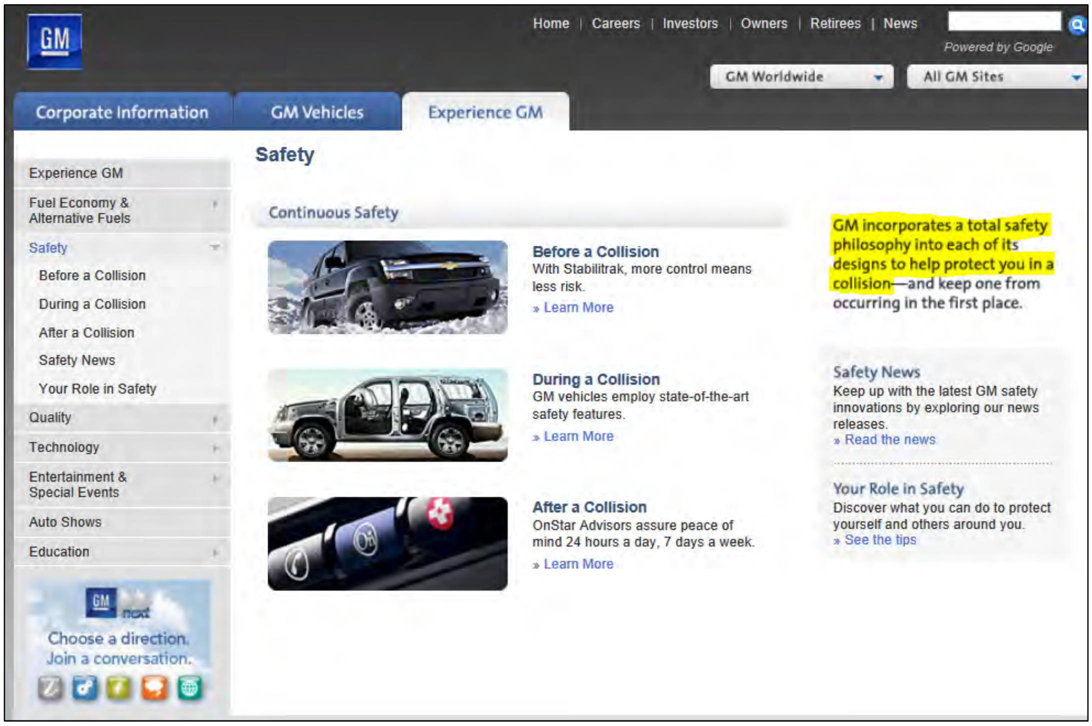
---

206 https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2014/mar/0318-boyer.
207 https://www.youtube.com/watch?v=rXO7F3aUBAY.
208 https://www.youtube.com/watch?v=BPQdlJZvZhE&list=UUxN-Csvy_9sveql5HJviDjA.

512. On July 31, 2014, Jack Jensen, the New GM engineering group manager for the "Milford Proving Ground" dummy lab, told customers that "[w]e have more sophisticated dummies, computers to monitor crashes and new facilities to observe different types of potential hazards. All those things together give our engineers the ability to design a broad range of vehicles that safely get our customers where they need to go."[209]

513. As discussed in this Complaint, these most recent statements from New GM contrast starkly with New GM's wholly inadequate response to remedy the defects in its vehicles, such as the ignition switch defect.

[209] https://media.gm.com/media/us/en/gm/news.detail../content/Pages/news/us/en/2014/Jul/0731-mpg.



XII. Other Recently Revealed Information Demonstrates New GM's Widespread Ongoing Pattern Of Concealing Dangerous Defects In GM-Branded Vehicles That Has Caused Diminution in the Value of the Defective Vehicles.

514. Other recently-revealed information suggests that Old and New GM's egregious mishandling of the ignition switch defects is part of a pattern of concealing dangerous known defects in Old and New GM vehicles.

515. That pattern of conduct, together with the ever-expanding and piecemeal nature of the recall, calls into further question whether New GM is to be trusted when it claims that simply replacing the ignition switch (in some Defective Vehicles) and providing new keys for others, will fully resolve the myriad of issues faced by Defective Vehicle owners as a result of the ignition switch defects.

516. The defects identified in the myriad recalls of 2014 affect virtually every safety system in GM-branded vehicles, including but by no means limited to the airbags, power

steering, power brakes, and seat belts, as discussed below, and are discussed here to illustrate the extent of Old and New GM's pattern of faulty processes and concealment of known defects to the detriment of consumers and public safety.

A. <u>The Ignition Lock Cylinder Defect.</u>

517. As discussed briefly in previous sections, on April 9, 2014, New GM recalled 2,191,014 GM-branded vehicles with faulty ignition lock cylinders.[210] Though the vehicles are the same as those affected by the ignition switch torque defect,[211] the lock cylinder defect is distinct.

518. In these vehicles, faulty ignition lock cylinders can allow removal of the ignition key while the engine is not in the "off" position. If the ignition key is removed when the ignition is not in the "off" position, unintended vehicle motion may occur. That could cause a crash and injury to the vehicle's occupants or pedestrians. Some of the vehicles with faulty ignition lock cylinders may fail to conform to Federal Motor Vehicle Safety Standard number 114, "*Theft Prevention and Rollaway Prevention*."[212]

519. According to New GM's Chronology that it submitted to NHTSA on April 23, 2014, the ignition lock cylinder defect arose out of New GM's notorious recalls for defective ignition switch systems in the Chevrolet Cobalt, Chevrolet HHR, Pontiac G5, Pontiac Solstice, Saturn ION, and Saturn Sky vehicles. Those three recalls occurred in February and March of 2014.[213]

---

[210] New GM Letter to NHTSA dated April 9, 2014.
[211] Namely, MY 2005-2010 Chevrolet Cobalts, 2006-2011 Chevrolet HHRs, 2007-2010 Pontiac G5s, 2003-2007 Saturn Ions, and 2007-2010 Saturn Skys. *See id.*
[212] New GM Notice to NHTSA dated April 9, 2014, at 1.
[213] *See* Attachment B to New GM's letter to NJTSA dated April 23, 2014 ("Chronology").

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 202 of 337

520. In late February or March 2014, New GM personnel participating in the ignition switch recalls observed that the keys could sometimes be removed from the ignition cylinders when the ignition was not in the "off" position. This led to further investigation.

521. After investigation, New GM's findings were presented at an EFADC meeting on April 3, 2014. New GM noted several hundred instances of potential key pullout issues in vehicles covered by the previous ignition switch recalls, and specifically listed 139 instances identified from records relating to customer and dealer reports to GM call centers, 479 instances identified from warranty repair data, one legal claim, and six instances identified from NHTSA VOQ information. New GM investigators also identified 16 roll-away instances associated with the key pullout issue from records relating to customer and dealer reports to GM call centers and legal claims information.

522. New GM noted that excessive wear to ignition tumblers and keys may be the cause of the key pullout issue. New GM also considered the possibility that some vehicles may have experienced key pullout issues at the time they were manufactured, based on information that included the following: (a) a majority of instances of key pullouts that had been identified in the recall population were in early-year Saturn Ion and Chevrolet Cobalt vehicles, and in addition, repair order data indicated vehicles within that population had experienced a repair potentially related to key pullout issues as early as 47 days from the date on which the vehicle was put into service; and (b) an engineering inquiry known within New GM as a Problem Resolution Tracking System inquiry ("PRTS") related to key pullout issues was initiated in June 2005, which resulted in an engineering work order to modify the ignition cylinder going forward.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 203 of 337

523. A majority of the key pullout instances identified involved 2003-2004 model year Saturn Ion and 2005 model year Chevrolet Cobalt vehicles. An April 3 New GM PowerPoint identified 358 instances of key pullouts involving those vehicles.

524. In addition, with respect to early-year Saturn Ion and Chevrolet Cobalt vehicles, the April 3 PowerPoint materials discussed the number of days that elapsed between the "In Service Date" of those vehicles (the date they first hit the road) and the "Repair Date." The April 3 PowerPoint stated that, with respect to the 2003 model year Saturn Ion, a vehicle was reported as experiencing a potential key pullout repair as early as 47 days from its "In Service Date;" with respect to the 2004 model year Saturn Ion, a vehicle was reported as experiencing a potential key pullout repair as early as 106 days from its "In Service Date;" with respect to the 2005 model year Chevrolet Cobalt, a vehicle was reported as experiencing a potential key pullout repair as early as 173 days from its "In Service Date;" and with respect to the 2006 model year Chevrolet Cobalt, a vehicle was reported as experiencing a potential key pullout repair as early as 169 days from its "In Service Date." The length of time between the "In Service Date" and the "Repair Date" suggested that these vehicles were defective at the time of manufacture.

525. The PowerPoint at the April 3 EFADC meeting also discussed a PRTS that was initiated in June 2005 which related to key pullout issues in the Chevrolet Cobalt (PRTS N 183836). According to PRTS N 183836: "Tolerance stack up condition permits key to be removed from lock cylinder while driving." The "Description of Root Cause Investigation Progress and Verification" stated, "[a]s noted a tolerance stack up exists in between the internal components of the cylinder." According to a "Summary," "A tolerance stack up condition exists between components internal to the cylinder which will allow some keys to

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 204 of 337

be removed." The PRTS identified the following "Solution": "A change to the sidebar of the ignition cylinder will occur to eliminate the stack-up conditions that exist in the cylinder."

526. In response to PRTS N 183836, New GM issued an engineering work order to ·"[c]hange shape of ignition cylinder sidebar top from flat to crowned."

527. According to the work order: "Profile and overall height of ignition cylinder sidebar [will be] changed in order to assist in preventing key pullout on certain keycodes. Profile of sidebar to be domed as opposed to flat and overall height to be increased by 0.23mm."

528. According to PRTS N 183836, this "solution fix[ed] the problem" going forward. An entry in the PRTS made on March 2, 2007 stated: "There were no incidents of the key coming out of the ignition cylinder in the run position during a review of thirty vehicles…." A "Summary" in the PRTS stated: "Because there were no incidents of the key coming out of the ignition cylinder in the run position during a review of thirty vehicles[,] this PRTS issue should be closed." PRTS N 183836 was the only PRTS discussed at the April 3, 2014, EFADC meeting, although it is not the only engineering or field report relating to potential key pullout issues.

529. This data led the EFADC to conclude that 2003-2004 model year Saturn Ion vehicles and 2005 and some 2006 model year Chevrolet Cobalt vehicles failed to conform to FMVSS 114. In addition, the EFADC concluded that a defect related to motor vehicle safety existed, and decided to recall all vehicles covered by the first, second, and third ignition switch torque recalls to prevent unintended vehicle motion potentially caused by key pullout issues that could result in a vehicle crash and occupant or pedestrian injuries. For vehicles that were built with a defective ignition cylinder that have not previously had the ignition cylinder

replaced with a redesigned part, the recall called for dealers to replace the ignition cylinder and provide two new ignition/door keys for each vehicle.

B. <u>There Have Been Extensive Additional Recalls of GM-branded Vehicles With Additional Safety-Related and Other Defects.</u>

530. **<u>Sudden Power-Steering Failure Defect</u>:** Between 2003 and 2010, over 1.3 million GM-branded vehicles in the United States were sold with a safety defect that causes the vehicle's electric power steering ("EPS") to suddenly fail during ordinary driving conditions and revert back to manual steering, requiring greater effort by the driver to steer the vehicle and increasing the risk of collisions and injuries.

531. The affected vehicles are MY 2004-2006 and 2008-2009 Chevrolet Malibu, 2004-2006 Chevrolet Malibu Maxx, 2009-2010 Chevrolet HHR, 2010 Chevrolet Cobalt, 2005-2006 and 2008-2009 Pontiac G6, 2004-2007 Saturn Ion, and 2008-2009 Saturn Aura vehicles.

532. As with the ignition switch defects and many of the other defects, New GM was aware of the power steering defect long before it took anything approaching full remedial action.

533. When the power steering fails, a message appears on the vehicle's dashboard, and a chime sounds to inform the driver. Although steering control can be maintained through manual steering, greater driver effort is required, and the risk of an accident is increased.

534. In 2010, New GM first recalled Chevy Cobalt and Pontiac G5 models for these power steering issues, yet it did *not* recall the many other vehicles that had the very same power steering defect.

535. Documents released by NHTSA show that New GM waited years to recall nearly 335,000 Saturn Ions for power-steering failure – despite receiving nearly 4,800

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 206 of 337

consumer complaints and more than 30,000 claims for warranty repairs. That translates to a complaint rate of 14.3 incidents per thousand vehicles and a warranty claim rate of 9.1 percent. By way of comparison, NHTSA has described as "high" a complaint rate of 250 complaints per 100,000 vehicles.[214] Here, the rate translates to 1,430 complaints per 100,000 vehicles.

536. In response to the consumer complaints, in September 2011, NHTSA opened an investigation into the power-steering defect in Saturn Ions.

537. NHTSA database records show complaints from Ion owners as early as June 2004, with the first injury reported in May 2007.

538. NHTSA has linked approximately 12 crashes and two injuries to the power-steering defect in the Ions.

539. In September 2011, after NHTSA began to make inquiries about the safety of the Saturn Ion, GM acknowledged that it had received almost 3,500 customer reports claiming a sudden loss of power steering in 2004-2007 Ion vehicles.

540. The following month, New GM engineer Terry Woychowski informed current CEO Mary Barra – then head of product development –that there was a serious power-steering issue in Saturn Ions, and that it may be the same power steering issue that plagued the Chevy Cobalt and Pontiac G5. Ms. Barra was also informed of the ongoing NHTSA investigation. At the time, NHTSA reportedly came close to concluding that Saturn Ions should have been included in New GM's 2010 steering recall of Cobalt and G5 vehicles.

541. Instead of recalling the Saturn Ion, GM sent dealers a service bulletin in May of 2012 identifying complaints about the steering system in the vehicle.

---

[214] *See* http://www-odi.nhtsa.dot.gov/cars/problems/defect/-results.cfm?action_number=EA06002&SearchType=QuickSearch&summary=true.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 207 of 337

542. By the time GM finally recalled the Saturn Ion – four years later, in March 2014 - NHTSA had received more than 1200 complaints about the vehicle's power steering. Similar complaints resulted in over 30,000 warranty claims with GM.

543. After announcing the March 31, 2014 recall, Jeff Boyer, New GM's Vice President of Global Vehicle Safety, acknowledged that New GM recalled some of these same vehicle models previously for the *same issue*, but that New GM "did not do enough."

544. According to an analysis by the New York Times published on April 20, 2014, New GM has "repeatedly used technical service bulletins to dealers and sometimes car owners as stopgap safety measures instead of ordering a timely recall."

545. Former NHTSA head Joan Claybrook echoed this conclusion, stating, "There's no question that service bulletins have been used where recalls should have been."

546. NHTSA has recently criticized New GM for issuing service bulletins on at least four additional occasions in which a recall would have been more appropriate and in which New GM later, in fact, recalled the subject vehicles.

547. These inappropriate uses of service bulletins prompted Frank Borris, the top defect investigator for NHTSA, to write to New GM's product investigations director, Carmen Benavides, in July 2013, complaining that "GM is slow to communicate, slow to act, and, at times, requires additional effort . . . that we do not feel is necessary with some of [GM's] peers."

548. Mr. Borris' correspondence was circulated widely among New GM's top executives. Upon information and belief, the following employees received a copy: John Calabrese and Alicia Boler-Davis, two vice presidents for product safety; Michael Robinson, vice president of regulatory affairs; Jim Federico; Gay Kent, director of product investigations

who had been involved in safety issues with the Cobalt since 2006; and William Kemp, an in-house product liability lawyer.

549. **Ignition Lock Cylinder Defect:** On August 7, 2014, New GM recalled 202,155 MY 2002-2004 Saturn Vue vehicles.[215] In the affected vehicles, the ignition key can be removed when the vehicle is not in the "off" position.[216] If this happens, the vehicle can roll away, increasing the risk for a crash and occupant or pedestrian injuries.[217]

550. Following New GM's April 9, 2014 recall announcement regarding ignition switch defects, New GM reviewed field and warranty data for potential instances of ignition cylinders that permit the operator to remove the ignition key when the key is not in the "off" position in other vehicles outside of those already recalled.[218] New GM identified 152 reports of vehicle roll away and/or ignition keys being removed when the key is not in the "off" position in the 2002-2004 MY Saturn Vue vehicles.[219]

551. After reviewing this data with NHTSA on June 17, 2014, July 7, 2014, and July 24, 2014, GM instituted a safety recall on July 31, 2014.[220]

552. **Safety Defects of the Airbag Systems – Wiring Harness Defect:** On March 17, 2014, New GM recalled nearly 1.2 million vehicles for a dangerous defect involving airbags and seatbelt pretensioners that caused them to fail to deploy, increasing the risk of injury and death to the drivers and front-seat passengers.

553. Once again, Old GM and later New GM knew of the dangerous airbag defect long before it took anything approaching the requisite remedial action. Indeed, the problem

[215] *See* August 7, 2014 Letter from New GM to NHTSA.
[216] *Id.*
[217] *Id.*
[218] *Id.*
[219] *Id.*
[220] *Id.*

apparently arose when Old GM made the change from using gold-plated terminals to connect its wire harnesses to cheaper tin terminals in 2007.

554. In June 2008, Old GM noticed increased warranty claims for airbag service on certain of its vehicles and determined it was due to increased resistance in airbag wiring. After analysis of the tin connectors in September 2008, Old GM determined that corrosion and wear to the connectors was causing the increased resistance in the airbag wiring. It released a technical service bulletin on November 25, 2008, for 2008-2009 Buick Enclaves, 2009 Chevy Traverse, 2008-2009 GMC Acadia, and 2008-2009 Saturn Outlook models, instructing dealers to repair the defect by using Nyogel grease, securing the connectors, and adding slack to the line. Old GM also began the transition back to gold-plated terminals in certain vehicles. At that point, Old GM suspended all investigation into the defective airbag wiring and took no further action.[221]

555. In November 2009, New GM learned of similar reports of increased airbag service messages in 2010 Chevy Malibu and 2010 Pontiac G6 vehicles. After investigation, New GM concluded that corrosion and wear in the same tin connector was the root of the airbag problems in the Malibu and G6 models.[222]

556. In January 2010, after review of the Malibu and G6 airbag connector issues, New GM concluded that ignoring the service airbag message could increase the resistance such that an SIAB might not deploy in a side impact collision. On May 11, 2010, New GM issued a Customer Satisfaction Bulletin for the Malibu and G6 models and instructed dealers

---

[221] *See* New GM Notification Campaign No. 14V-118 dated March 31, 2014, at 1-2.
[222] *Id.* at 2.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/04/14 Page 210 of 337

to secure both front seat-mounted, side-impact airbag wire harnesses and, if necessary, reroute the wire harness.[223]

557. From February to May 2010, New GM revisited the data on vehicles with faulty harness wiring issues, and noted another spike in the volume of the airbag service warranty claims. This led New GM to conclude that the November 2008 bulletin was "not entirely effective in correcting the [wiring defect present in the vehicles]." On November 23, 2010, New GM issued another Customer Satisfaction Bulletin for certain 2008 Buick Enclave, 2008 Saturn Outlook, and 2008 GMC Acadia models built from October 2007 to March 2008, instructing dealers to secure SIAB harnesses and re-route or replace the SIAB connectors.[224]

558. New GM issued a revised Customer Service Bulletin on February 3, 2011, requiring replacement of the front seat-mounted side-impact airbag connectors in the same faulty vehicles mentioned in the November 2010 bulletin. In July 2011, New GM again replaced its connector, this time with a Tyco-manufactured connector featuring a silver-sealed terminal.[225]

559. But in 2012, New GM noticed another spike in the volume of warranty claims relating to SIAB connectors in vehicles built in the second half of 2011. After further analysis of the Tyco connectors, it discovered that inadequate crimping of the connector terminal was causing increased system resistance. In response, New GM issued an internal bulletin for 2011-2012 Buick Enclave, Chevy Traverse, and GMC Acadia vehicles, recommending dealers repair affected vehicles by replacing the original connector with a new sealed connector.[226]

---

[223] *Id.*
[224] *See id.* at 3.
[225] *See id.*
[226] *See id.* at 4.

560. The defect was still uncured, however, because in 2013 New GM again noted an increase in service repairs and buyback activity due to illuminated airbag service lights. On October 4, 2013, New GM opened an investigation into airbag connector issues in 2011-2013 Buick Enclave, Chevy Traverse, and GMC Acadia models. The investigation revealed an increase in warranty claims for vehicles built in late 2011 and early 2012.[227]

561. On February 10, 2014, New GM concluded that corrosion and crimping issues were again the root cause of the airbag problems.228

562. New GM initially planned to issue a less-urgent Customer Satisfaction Program to address the airbag flaw in the 2010-2013 vehicles. But it wasn't until a call with NHTSA on March 14, 2014, that New GM finally issued a full-blown safety recall on the vehicles with the faulty harness wiring – years after it first learned of the defective airbag connectors, after four investigations into the defect, and after issuing at least six service bulletins on the topic. The recall as first approved covered only 912,000 vehicles, but on March 16, 2014, it was increased to cover approximately 1.2 million vehicles.[229]

563. **Safety Defects of the Airbag Systems – Driver-side Airbag Shorting Bar Defect:** On June 5, 2014, New GM issued a safety recall of 38,636 vehicles with a driver's airbag shorting bar defect.

564. In the affected vehicles, the driver side frontal airbag has a shorting bar which may intermittently contact the airbag terminals. If the bar and terminals are contacting each other at the time of a crash, the airbag will not deploy, increasing the driver's risk of injury. New GM admits awareness of one crash with an injury where the relevant diagnostic trouble code was found at the time the vehicle was repaired. New GM is aware of other crashes

[227] *See id.*
[228] *See id.* at 5.
[229] *See id.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/04/14 Page 212 of 337

involving these vehicles where airbags did not deploy but claims not to know if they were related to this defect.

565. N about the driver's airbag shorting bar defect in 2012. In fact, New GM conducted two previous recalls in connection with shorting bar defect condition involving 7,116 vehicles – one on October 31, 2012, and one on January 24, 2013.[230] Yet it would take New GM nearly two years to finally order a broader recall.

566. On May 31, 2013, after New GM's two incomplete recalls, NHTSA opened an investigation into reports of allegations of the non-deployment of air bags. New GM responded to this investigation on September 13, 2013.

567. On November 1, 2013, NHTSA questioned New GM about: (1) the exclusion of 390 vehicles which met the criteria for the two previous safety recalls; (2) the 30-day in-service cutoff used for the recall population of one previous recall; and (3) twelve additional build days which, as of the June 2013 data pull in the investigation, had an elevated warranty rate. In response to NHTSA's concerns, New GM added additional vehicles to the recall.

568. After announcement the initial ignition switch torque defect in February and March of 2014, New GM re-examined its records relating to the driver's airbag shorting defect. This review finally prompted New GM to expand the recall population on May 29, 2014 – ***long after the problem should have been remedied.***

569. **<u>Safety Defects of the Airbag Systems – Driver-Side Airbag Inflator Defect:</u>** On June 25, 2014, New GM recalled 29,019 vehicles with a driver-side airbag inflator defect.

570. In the affected vehicles, the driver's front airbag inflator may have been manufactured with an incorrect part. In the event of a crash necessitating deployment of the

[230] *See* New GM's Letters to NHTSA date 10/31/2012 and 1/24/2013, respectively.

driver-side airbag, the airbag's inflator may rupture and the airbag may not inflate. The rupture could cause metal fragments to strike and injure the vehicle's occupants. Additionally, if the airbag does not inflate, the driver will be at increased risk of injury.[231]

571. New GM was named in a lawsuit on or about May 1, 2014 involving a 2013 Chevrolet Cruze and an improperly deployed driver-side airbag that caused an injury to the driver.[232] The lawsuit prompted an inspection of "the case vehicle," the assignment of a New GM Product Investigations engineer, and discussions with NHTSA.[233]

572. Meanwhile, the airbag supplier, Takata Corporation/TK Holdings Inc., conducted its own analysis. New GM removed airbags with "build dates near the build date of the case vehicle," and sent them to Takata.[234] Subsequently, on June 20, 2014, Takata informed New GM it had "discovered [the] root cause" of the driver-side airbag defect through analysis of one of the airbags sent by New GM.[235]

573. Shortly thereafter, on June 23, 2014, New GM decided to conduct a safety recall.[236]

574. **Safety Defects of the Airbag Systems – Roof Rail Airbag Defect:** On June 18, 2014, New GM recalled 16,932 MY 2011 Cadillac CTS vehicles with a roof rail airbag defect.

575. In the affected vehicles, vibrations from the drive shaft may cause the vehicle's roll over sensor to command the roof rail airbags to deploy. If the roof rail airbags deploy unexpectedly, there is an increased risk of crash and injury to the occupants.[237]

---

[231] *See* New GM's Letter to NHTSA dated June 25, 2014.
[232] *Id.*
[233] *Id.*
[234] *Id.*
[235] *Id.*
[236] *Id.*

576. According to New GM, the defect is caused by a loss of grease from the center constant velocity (CV) joint; the loss of grease causes vibrations of the propeller shaft that are transferred to the roll over sensor in the vehicle floor above the shat. The vibrations can cause the deployment of the roof rail airbags.[238]

577. On October 28, 2010, a new supplier began shipping propeller shafts for MY 2011 Cadillac CTS vehicles; these propeller shafts used a metal gasket from the CV joint (as opposed to the liquid sealing system used by the previous supplier.).[239] *This new metal gasket design was not validated or approved by New GM.*[240]

578. On June 27, 2011, a Problem Resolution Tracking System (PRTS) was opened concerning this defect. The PRTS resulted in the "purge" of the metal gasket design.[241] Then, on August 1, 2011, New GM issued an Engineering Work Order banning the metal gasket design, and mandating the use of the liquid sealing system. Yet New GM "closed the investigation without action in October 2012."[242]

579. Inexplicably, New GM waited until June of 2014 before finally recalling the affected vehicles.

580. **Safety Defects of the Airbag Systems – Passenger-Side Airbag Defect:** On May 16, 2014, GM recalled 1,953 MY 2015 Cadillac Escalade and Escalade ESV vehicles with a passenger-side airbag defect.

581. The affected vehicles do not conform to Federal Motor Vehicle Safety Standard number 208, "Occupant Crash Protection." In these vehicles, the airbag module is

Footnote continued from previous page
[237] *See* June 18, 2014 New GM Letter to NHTSA.
[238] *Id.*
[239] *Id.*
[240] *Id.*
[241] *Id.*
[242] *Id.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 215 of 337

secured to a chute adhered to the backside of the instrument panel with an insufficiently heated infrared weld. As a result, the front passenger-side airbag will only partially deploy in the event of crash, and this will increase the risk of occupant injury.[243]

582. On April 28, 2014, during product validation testing of the "Platinum" Escalade (a planned interim 2015 model), the passenger-side front airbag did not properly deploy.[244] New GM then obtained information from the supplier Johnson Controls Inc. (JCI) concerning the portion of the Escalade instrument panel through which the frontal airbag deploys.[245] In particular, New GM requested information on chute weld integrity.[246]

583. On May 13, 2014, JCI informed New GM engineering that it had modified its infrared weld process on April 2, 2014 and "corrected" that process on April 29, 2014. New GM claims that it was unaware of the changes until May 13, 2014.[247]

584. On May 14, 2014, the Executive Field Action Decision Committee decided to conduct a "noncompliance recall." On May 16, 2014, GM obtained a list of suspected serial numbers from JCI, which GM then matched to VINs through a records obtained from the scanning process used during instrument panel sub-assembly.[248] A recall notice was issued on May 16, 2014 for 1,953 vehicles, each of which will have the JCI part replaced.[249]

585. Subsequently, GM discovered errors in the scanning process, and decided to expand the recall population to include any VINs that could have received parts bearing the suspect JCI serial numbers.[250] GM therefore issued a second recall notice on May 27, 2014.

[243] *See* May 16, 2014 Letter from New GM to NHTSA.
[244] *See* May 27, 2014 Letter from New GM to NHTSA.
[245] *Id.*
[246] *Id.*
[247] *Id.*
[248] *Id.*
[249] *Id.*
[250] *Id.*

With respect to this second set of 885 vehicles, they will be inspected to see if they were made with JCI parts bearing suspect serial numbers. If they are, the part will be replaced.[251]

586. **Safety Defects of the Airbag Systems – Sport Seat Side-Impact Airbag Defect:** On June 18, 2014, New GM issued a safety recall for 712 MY 2014 Chevrolet Corvette vehicles with sport seat side-impact airbag defect.

587. The affected vehicles do not meet a Technical Working Group Side Airbag Injury Assessment Reference Value (IARV) specifications for protecting unbelted, out-of-position young children from injury. In a crash necessitating side impact airbag deployment, an unbelted, out-of-position three year old child may be at an increased risk of neck injury.

588. **Safety Defects of the Airbag Systems – Passenger-side Airbag Inflator Defect:** On June 5, 2014, New GM recalled 61 MY 2013 Chevrolet Spark and 2013 Buick Encore vehicles with a passenger side airbag inflator defect.

589. In the affected vehicles, because of an improper weld, the front passenger airbag end cap could separate from the airbag inflator. This can prevent the airbag from deploying properly, and creates an increased risk of injury to the front passenger.[252]

590. New GM was alerted to this issue on July 10, 2013, when a customer brought an affected vehicle into a dealership with "an airbag readiness light 'ON' condition."[253] After replacing the side frontal airbag, the dealer shipped the original airbag to New GM for warranty analysis.

591. In September 2013, New GM "noted" the "weld condition of the end cap." New GM then sent the airbag to the airbag supplier, S&T Motive, who sent it on to the

[251] *Id.*
[252] *See* June 5, 2014 Letter from New GM to NHTSA.
[253] *Id.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 217 of 337

inflator supplier, ARC Automotive Inc., for "root cause" analysis.[254] S&T and ARC did not conclude their analysis until April 2014. [255]

592. Based upon the information provided by S&T and ARC, in May 2014 New GM Engineering linked the defect to inflators produced on December 17, 2012. ARC records show that on that date, an inflator end cap separated during testing, but that ARC nonetheless shipped quarantined inflators to S&T where they were used in passenger side frontal airbags beginning on December 29, 2012.[256]

593. On May 29, 2014 – nearly one year after being presented with a faulty airbag – New GM's Safety Field Action Committee finally decided to conduct a safety recall. [257]

594. **<u>Safety Defects of the Airbag Systems – Front Passenger Airbag Defect:</u>** On March 17, 2014, New GM issued a noncompliance recall of 303,013 MY 2009-2014 GMC Savana vehicles with a passenger-side instrument panel defect. [258]

595. In the affected vehicles, in certain frontal impact collisions below the airbag deployment threshold, the panel covering the airbag may not sufficiently absorb the impact of the collision. These vehicles therefore do not meet the requirements of Federal Motor Vehicle Safety Standard number 201, "Occupant Protection in Interior Impact."[259]

596. The defect apparently arose in early 2009, when the passenger-side airbag housing was changed from steel to plastic.[260] Inexplicably, New GM did not act to remedy this defect until March of 2014.

---

[254] *Id.*
[255] *Id.*
[256] *Id.*
[257] *Id.*
[258] *See* March 31, 2014 Letter from New GM to NHTSA.
[259] *Id.*
[260] *Id.*

Case 1:14-md-02543-JMF Document 1359-1 Filed 11/03/14 Page 218 of 337

597. **<u>Safety Defects of the Seat Belt Systems – Seat Belt Connector Cable Defect:</u>** On May 20, 2014, New GM issued a safety recall for nearly 1.4 million vehicles with a dangerous safety belt defect.

598. In the affected vehicles, "[t]he flexible steel cable that connects the safety belt to the vehicle at the outside of the front outside of the front outboard seating positions can fatigue and separate over time as a result of occupant movement into the seat. In a crash, a separated cable could increase the risk of injury to the occupant."[261]

599. New GM waited more than two years after learning about this defect before disclosing it or remedying it. [262] This delay is consistent with New GM's long period of concealment of the other defects as set forth above.

600. New GM first learned of the seat belt defect no later than February 10, 2012, when a dealer reported that a seat belt buckle separated from the anchor at the attaching cable in a 2010 GMC Acadia.[263] On March 7, 2012, after notification and analysis of the returned part, the supplier determined the problem was caused by fatigue of the cable.[264]

601. On April 20, 2012, New GM received another part exhibiting the defect from a dealership.[265] New GM also did a warranty analysis that turned up three additional occurrences of similar complaints.[266] But New GM did not order a field review until June 4, 2012.[267] The review, on June 11, 2012, covered just 68 vehicles, and turned up no cable damage.[268]

[261] *See* New GM Notice to NHTSA dated May 19, 2014, at 1.
[262] *See* New GM Notice to NHTSA dated May 30, 2014, at 1-3.
[263] *Id.* at 1.
[264] *Id.* at 2.
[265] *Id.*
[266] *Id.*
[267] *Id.*
[268] *Id.*

602. New GM received another part exhibiting the defect on August 28, 2013, from GM Canada Product Investigations.[269] After further testing in October 2013, New GM duplicated the defect condition, determining that, in some seat positions, the sleeve can present the buckle in a manner that can subject the cable to bending during customer entry into the vehicle.[270] New GM duplicated the condition again in a second vehicle in November, 2013.[271] And then just a month later, on December 18, 2013, New GM received another part exhibiting the condition from GM Canada Product Investigations.[272] But still New GM did not issue a safety recall.

603. Further testing between February and April 2014, confirmed the defect resulted from fatigue of the cable.[273] This was the same root cause New GM identified as early as March 7, 2012. Finally, on April 14, 2014, these findings were turned over to New GM Product Investigations and assigned an investigation number.[274]

604. On May 19, 2014, New GM's Executive Field Action Decision Committee decided to conduct a recall of the affected vehicles.[275]

605. **Safety Defects of the Seat Belt Systems – Seat Belt Retractor Defect:** On June 11, 2014, New GM recalled 28,789 MY 2004-2011 Saab 9-3 Convertible vehicles with a seatbelt retractor defect.

606. In the affected vehicles, the driver's side front seat belt retractor may break, causing the seat belt webbing spooled out by the user not to retract.[276] In the event of a crash,

[269] *Id.*
[270] *Id.*
[271] *Id.*
[272] *Id.*
[273] *Id.*
[274] *Id.*
[275] New GM Notice to NHTSA dated May 19, 2014, at 1.
[276] *See* New GM's June 11, 2013 Letter to NHTSA.

a seat belt that has not retracted may not properly restrain the seat occupant, increasing the risk of injury to the driver.[277]

607. By September of 2009 New GM was aware of an issue with seatbelt retractors in MY 2004 Saab 9-3 vehicles; at that time, NHTSA informed New GM that it received 5 Vehicle Owner Questionnaires "alleging that the driver seat belt will no longer retract on 2004 Saab 0-3 vehicles built after September 30, 2003."[278] In December 2009-January 2010, New GM conducted a survey "of customers who had a retractor replaced to determine how many were due" to a break in the Automatic Tensioning System that causes "webbing spooled out by the user not to retract."[279]

608. On February 9, 2010, New GM issued a recall for the driver side retractor, but only in certain MY 2004 Saab 9-3 sedans – some 14,126 vehicles.[280] New GM would wait another 4 years before attempting to address the full scope of the seatbelt retractor defect in Saab 9-3 vehicles.

609. New GM finally opened an investigation into the seatbelt retractor defect in other Saab 9-3 vehicles in February of this year, and that was "in response to NHTSA Vehicle Owner Questionnaires claiming issues with the driver side front seat belt retractor" in the affected vehicles.[281] As a result, New GM eventually recalled 28,789 MY 2004-2011 Saab 9-3 convertible vehicles on June 11, 2014.

[277] *See* New GM's June 11, 2013 Letter to NHTSA.
[278] *See* New GM's February 9, 2010 Letter to NHTSA.
[279] *Id.*
[280] *Id.*
[281] *See* New GM's June 11, 2013 Letter to NHTSA.

610. **<u>Safety Defects of the Seat Belt Systems – Frontal Lap-Belt Pretensioner Defect:</u>** On August 7, 2014, New GM recalled 48,059 MY 2013 Cadillac ATS and 2013 Buick Encore vehicles with a defect in the front lap-belt pretensioners.[282]

611. In the affected vehicles, the driver and passenger lap-belt pretensioner cables may not lock in a retracted position; that allows the seat belts to extend when pulled upon.[283] If the seat belts do not remain locked in the retracted position, the seat occupant may not be adequately restrained in a crash, increasing the risk of injury.[284]

612. In July 2012, GM Korea learned that the lap-belt pretensioner cable and seat belt webbing slipped out after being retracted.[285] Several months later, New GM changed the rivet position on the pretensioner bracket and the design of the pretension mounting bolt.[286] This change was made after New GM started production on the 2013 MY Buick Encore.[287]

613. In October 2012, New GM testing on a pre-production 2014 MY Cadillac CTS revealed that the driver side front seat belt anchor pretensioner cables retracted upon deployment to pull in the lap-belt webbing, as intended, but did not lock in that position; that allowed the retracted webbing to return ("pay out") to its original position under loading, which was not intended.[288]

614. On November 13, 2012, New GM modified the design of the lap-belt pretensioner for the Cadillac CTS, Cadillac ATS, and Cadillac ELR vehicles to include a modified bolt, relocation of a rivet in the cam housing to reposition the locking cam, and a

[282] *See* August 7, 2014 Letter from New GM to NHTSA.
[283] *Id.*
[284] *Id.*
[285] *See* August 21, 2014 Letter from New GM to NHTSA.
[286] *Id.*
[287] *Id.*
[288] *Id.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 222 of 337

change in torque of the lap-belt pretensioner bolt to seat.[289] These changes were implemented in the 2014 MY Cadillac CTS and Cadillac ELR, but not in the 2013 MY Cadillac ATS.[290]

615. Despite making these adjustments to later MY vehicles only, New GM did not launch an investigation into the performance of the lap-belt pretensioners in the 2013 MY Buick Encore and Cadillac ATS until mid-April, 2013.[291] New GM claims that during this year-long investigation period it found no issues potentially relating to the pay out of the lap-belt pretensioners.[292]

616. Nonetheless, New GM decided to issue a safety recall for the affected vehicles on July 31, 2014.[293] It later expanded the recall by 55 additional vehicles, to a total population of 48,114, on August 19, 2014.[294]

617. **<u>Safety Defects of the Seat:</u>** On July 22, 2014, New GM issued a safety recall of 414,333 vehicles with a power height adjustable seats defect.[295]

618. In the affected vehicles, the bolt that secures the height adjuster in the driver and front passenger seats may become loose or fall out. If the bolt falls out, the seat will drop suddenly to the lowest vertical position. The sudden drop can affect the driver's ability to safely operate the vehicle, and can increase the risk of injury to the driver and the front-seat passenger if there is an accident. New GM admits to knowledge of at least one crash caused by this defect.[296]

---

[289] *Id.*
[290] *Id.*
[291] *Id.*
[292] *Id.*
[293] *Id.*
[294] *Id.*
[295] *See* July 22, 2014 Letter from New GM to NHTSA.
[296] *Id.*

619. New GM was aware of this defect by July 10, 2013 when the crash occurred, and by July 22, 2013, New GM was aware that the crash was caused when the bolt on the height adjuster fell out.[297]

620. By September 5, 2013, New GM was aware of 27 cases of loose or missing height adjuster bolts in Camaro vehicles.[298] Yet New GM waited until July 15 before its Safety Field Decision Authority made the decision to conduct a safety recall.

621. **Safety Defects Affecting the Brakes in GM-branded Vehicles – Brake Light Defect:** On May 14, 2014, New GM issued a safety recall of approximately 2.4 million vehicles with a dangerous brake light defect.

622. In the affected vehicles, the brake lamps may fail to illuminate when the brakes are applied or illuminate when the brakes are not engaged; the same defect can disable cruise control, traction control, electronic stability control, and panic brake assist operation, thereby increasing the risk of collisions and injuries.[299]

623. Once again, Old GM and later New GM knew of the dangerous brake light defect for years before it took anything approaching the requisite remedial action. In fact, although the brake light defect has caused at least 13 crashes since 2008, New GM did not recall all 2.4 million vehicles with the defect until May 2014.

624. According to New GM, the brake defect originates in the Body Control Module (BCM) connection system. "Increased resistance can develop in the [BCM] connection system and result in voltage fluctuations or intermittency in the Brake Apply Sensor (BAS) circuit that can cause service brakes lamp malfunction."[300] The result is brake

[297] *Id.*
[298] *Id.*
[299] *See* New GM Notification Campaign No. 14V-252 dated May 28, 2014, at 1.
[300] *Id.*

lamps that may illuminate when the brakes are not being applied and may not illuminate when the brakes are being applied. [301]

625. The same defect can also cause the vehicle to get stuck in cruise control if it is engaged, or cause cruise control to not engage, and may also disable the traction control, electronic stability control, and panic-braking assist features.[302]

626. New GM now acknowledges that the brake light defect "may increase the risk of a crash."[303]

627. As early as September 2008, NHTSA opened an investigation for MY 2005-2007 Pontiac G6 vehicles involving allegations that the brake lights may turn on when the driver does not depress the brake pedal and may ***not*** turn on when the driver ***does*** depress the brake pedal.[304]

628. During its investigation of the brake light defect in 2008, Old GM found elevated warranty claims for the brake light defect for MY 2005 and 2006 vehicles built in January 2005, and found "fretting corrosion in the BCM C2 connector was the root cause" of the problem.[305] Old GM and its part supplier Delphi decided that applying dielectric grease to the BCM C2 connector would be "an effective countermeasure to the fretting corrosion."[306] Beginning in November of 2008, the Company began applying dielectric grease in its vehicle assembly plants.[307]

629. On December 4, 2008, Old GM issued a TSB recommending the application of dielectric grease to the BCM C2 connector for the MY 2005-2009, Pontiac G6, 2004-2007

---

[301] *Id.*
[302] *Id.*
[303] *Id.*
[304] *Id.* at 2.
[305] *Id.*
[306] *Id.*
[307] *Id* at 3.

Chevrolet Malibu/Malibu Maxx, 2008 Malibu Classic, and 2007-2009 Saturn Aura vehicles.[308] One month later, in January 2009, Old GM recalled only a small subset of the vehicles with the brake light defect – 8,000 MY 2005-2006 Pontiac G6 vehicles built during the month of January, 2005.[309]

630. Not surprisingly, the brake light problem was far from resolved.

631. In October 2010, New GM released an updated TSB regarding "intermittent brake lamp malfunctions," and added MY 2008-2009 Chevrolet Malibu/Malibu Maxx vehicles to the list of vehicles for which it recommended the application of dielectric grease to the BCM C2 connector.[310]

632. In September of 2011, New GM received an information request from Canadian authorities regarding brake light defect complaints in vehicles that had not yet been recalled. Then, in June 2012, NHTSA provided New GM with additional complaints "that were outside of the build dates for the brake lamp malfunctions on the Pontiac G6" vehicles that had been recalled.[311]

633. In February of 2013, NHTSA opened a "Recall Query" in the face of 324 complaints "that the brake lights do not operate properly" in Pontiac G6, Malibu, and Aura vehicles that had not yet been recalled.[312]

634. In response, New GM asserts that it "investigated these occurrences looking for root causes that could be additional contributors to the previously identified fretting

[308] *Id.* at 2.
[309] *Id.*
[310] *Id.*
[311] *Id.*
[312] *Id.* at 3.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 226 of 337

corrosion," but that it continued to believe that "fretting corrosion in the BCM C2 connector" was the "root cause" of the brake light defect.[313]

635. In June of 2013, NHTSA upgraded its "Recall Query" concerning brake light problems to an "Engineering Analysis."[314]

636. In August 2013, New GM found an elevated warranty rate for BCM C2 connectors in vehicles built *after* Old GM had begun applying dielectric grease to BCM C2 connectors at its assembly plants in November of 2008.[315] In November of 2013, New GM concluded that "the amount of dielectric grease applied in the assembly plant starting November 2008 was insufficient…."[316]

637. Finally, in March of 2014, "[New] GM engineering teams began conducting analysis and physical testing to measure the effectiveness of potential countermeasures to address fretting corrosion. As a result, New GM determined that additional remedies were needed to address fretting corrosion."[317]

638. On May 7, 2014, New GM's Executive Field Action Decision Committee finally decided to conduct a safety recall.

639. According to New GM, "Dealers are to attach the wiring harness to the BCM with a spacer, apply dielectric lubricant to both the BCM CR and harness connector, and on the BAS and harness connector, and relearn the brake pedal home position."[318]

---

313 *Id.*
314 *Id.*
315 *Id.*
316 *Id.*
317 *Id.* at 4.
318 *Id.*

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 227 of 337

640. New GM sat on and concealed its knowledge of the brake light defect for years, and did not even consider available countermeasures (other than the application of grease that had proven ineffective) until March of this year.

641. **<u>Safety Defects Affecting the Brakes in GM-branded Vehicles – Brake Booster Pump Defect:</u>** On March 17, 2014, New GM issued a safety recall of 63,903 MY 2013-2014 Cadillac XTS vehicles with a brake booster pump defect.

642. In the affected vehicles, a cavity plug on the brake boost pump connector may dislodge and allow corrosion of the brake booster pump relay connector. This can have an adverse impact on the vehicle's brakes and increase the risk of collision. This same defect can also cause a fire in the vehicle resulting from the electrical shore in the relay connector.

643. In June of 2013, New GM learned that a fire occurred in a 2013 Cadillac XTS vehicle while it was being transported between car dealerships. Upon investigation, New GM determined that the fire originated near the brake booster pump relay connector, but could not determine the "root cause" of the fire.

644. A second vehicle fire in a 2013 Cadillac XTS occurred in September of 2013. In November 2013, the same team of New GM investigators examined the second vehicle, but, again, could not determine the "root cause" of the fire.

645. In December 2013, New GM identified two warranty claims submitted by dealers related to complaints by customers about vibrations in the braking system of their vehicles. The New GM team investigating the two prior 2013 Cadillac XTS fires inspected these parts and discovered the relay connector in both vehicles had melted.

646. In January 2014, New GM determined that pressure in the relay connector increased when the brake booster pump vent hose was obstructed or pinched. Further testing

revealed that pressure from an obstructed vent hose could force out the cavity plugs in the relay connector, and in the absence of the plugs, water, and other contaminants can enter and corrode the relay connector, causing a short and leading to a fire or melting.

647. On March 11, 2014, New GM issued a safety recall for the affected vehicles.

648. **Safety Defects Affecting the Brakes in GM-branded Vehicles – Hydraulic Boost Assist Defect:** On May 13, 2014, New GM recalled 140,067 model year 2014 Chevrolet Malibu vehicles with a hydraulic brake boost assist defect.[319]

649. In the affected vehicles, the "hydraulic boost assist" may be disabled; when that happens, slowing or stopping the vehicle requires harder brake pedal force, and the vehicle will travel a greater distance before stopping. Therefore, these vehicles do not comply with Federal Motor Vehicle Safety Standard number 135, "Light Vehicle Brake Systems," and are at increased risk of collision.[320]

650. **Safety Defects Affecting the Brakes in GM-branded Vehicles – Brake Rotor Defect:** On May 7, 2014, New GM recalled 8,208 MY 2014 Chevrolet Malibu and Buick LaCrosse vehicles with a brake rotor defect.

651. In the affected vehicles, New GM may have accidentally installed rear brake rotors on the front brakes. The rear rotors are thinner than the front rotors, and the use of rear rotors in the front of the vehicle may result in a front brake pad detaching from the caliper. The detachment of a break pad from the caliper can cause a sudden reduction in braking which lengthens the distance required to stop the vehicle and increases the risk of a crash.

652. **Safety Defects Affecting the Brakes in GM-branded Vehicles – Reduced Brake Performance Defect:** On July 28, 2014, New GM recalled 1,968 MY 2009-2010

[319] *See* May 13, 2014 Letter from New GM to NHTSA.
[320] *Id.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 229 of 337

Chevrolet Aveo and 2009 Pontiac G3 vehicles.[321] Affected vehicles may contain brake fluid which does not protect against corrosion of the valves inside the anti-lock brake system ("ABS") module, affecting the closing motion of the valves.[322] If the ABS valve corrodes it may result in longer brake pedal travel or reduced performance, increasing the risk of a vehicle crash.[323]

653. New GM was aware of this defect as far back as August 2012, when it initiated a customer satisfaction campaign.[324] The campaign commenced in November 2012, and New GM estimates that, to date, approximately 34% of Chevrolet Aveo and Pontiac G3 vehicles included in the customer satisfaction campaign are not yet repaired.[325] On July 19, 2014, New GM decided to conduct a safety recall for vehicles that had been included in the customer satisfaction program but had not had the service repair performed.[326]

654. **Safety Defects Affecting the Brakes in GM-branded Vehicles – Parking Brake Defect:** On September 20, 2014, GM recalled more than 221,000 MY 2014-15 Chevrolet Impalas and 2013-15 model Cadillac XTS vehicles because of a parking-brake defect.

655. In the affected vehicles, the brake pads can stay partly engaged, which can lead to "excessive brake heat that may result in a fire," according to documents posted on the NHTSA website.

656. NHTSA said the fire risk stemmed from the rear brakes generating "significant heat, smoke and sparks." The agency also warned that drivers of affected vehicles might

---

[321] *See* July 28, 2014 Letter from New GM to NHTSA.
[322] *Id.*
[323] *Id.*
[324] *Id.*
[325] *Id.*
[326] *Id.*

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 230 of 337

experience "poor vehicle acceleration, undesired deceleration, excessive brake heat and premature wear to some brake components."

657. **Safety Defects Affecting the Steering in GM-branded Vehicles – Sudden Power-Steering Failure Defect:** Between 2003 and 2010, over 1.3 million GM-branded vehicles in the United States were sold with a safety defect that causes the vehicle's electric power steering ("EPS") to suddenly fail during ordinary driving conditions and revert back to manual steering, requiring greater effort by the driver to steer the vehicle and increasing the risk of collisions and injuries.

658. The affected vehicles are MY 2004-2006 and 2008-2009 Chevrolet Malibu, 2004-2006 Chevrolet Malibu Maxx, 2009-2010 Chevrolet HHR, 2010 Chevrolet Cobalt, 2005-2006 and 2008-2009 Pontiac G6, 2004-2007 Saturn Ion, and 2008-2009 Saturn Aura vehicles.

659. As with the ignition switch defects and many of the other defects, New GM was aware of the power steering defect long before it took anything approaching full remedial action.

660. When the power steering fails, a message appears on the vehicle's dashboard, and a chime sounds to inform the driver. Although steering control can be maintained through manual steering, greater driver effort is required, and the risk of an accident is increased.

661. In 2010, New GM first recalled Chevy Cobalt and Pontiac G5 models for these power steering issues, yet it did *not* recall the many other vehicles that had the very same power steering defect.

662. Documents released by NHTSA show that New GM waited years to recall nearly 335,000 Saturn Ions for power-steering failure – despite receiving nearly 4,800

consumer complaints and more than 30,000 claims for warranty repairs. That translates to a complaint rate of 14.3 incidents per thousand vehicles and a warranty claim rate of 9.1 percent. By way of comparison, NHTSA has described as "high" a complaint rate of 250 complaints per 100,000 vehicles.[327] Here, the rate translates to 1,430 complaints per 100,000 vehicles.

663. In response to the consumer complaints, in September 2011, NHTSA opened an investigation into the power-steering defect in Saturn Ions.

664. NHTSA database records show complaints from Ion owners as early as June 2004, with the first injury reported in May 2007.

665. NHTSA has linked approximately 12 crashes and two injuries to the power-steering defect in the Ions.

666. In September 2011, after NHTSA began to make inquiries about the safety of the Saturn Ion, GM acknowledged that it had received almost 3,500 customer reports claiming a sudden loss of power steering in 2004-2007 Ion vehicles.

667. The following month, New GM engineer Terry Woychowski informed current CEO Mary Barra – then head of product development –that there was a serious power-steering issue in Saturn Ions, and that it may be the same power steering issue that plagued the Chevy Cobalt and Pontiac G5. Ms. Barra was also informed of the ongoing NHTSA investigation. At the time, NHTSA reportedly came close to concluding that Saturn Ions should have been included in New GM's 2010 steering recall of Cobalt and G5 vehicles.

668. Instead of recalling the Saturn Ion, GM sent dealers a service bulletin in May of 2012 identifying complaints about the steering system in the vehicle.

---

[327] *See* https://www-odi.nhtsa.dot.gov/cars/problems/defect/-results.cfm?action_number=EA06002&Search Type= QuickSearch&summary=true.

669. By the time GM finally recalled the Saturn Ion – four years later, in March 2014 - NHTSA had received more than 1,200 complaints about the vehicle's power steering. Similar complaints resulted in over 30,000 warranty claims with GM.

670. After announcing the March 31, 2014 recall, Jeff Boyer, New GM's Vice President of Global Vehicle Safety, acknowledged that New GM recalled some of these same vehicle models previously for the *same issue*, but that New GM "did not do enough."

671. According to an analysis by the New York Times published on April 20, 2014, New GM has "repeatedly used technical service bulletins to dealers and sometimes car owners as stopgap safety measures instead of ordering a timely recall."

672. Former NHTSA head Joan Claybrook echoed this conclusion, stating, "There's no question that service bulletins have been used where recalls should have been."

673. NHTSA has recently criticized New GM for issuing service bulletins on at least four additional occasions in which a recall would have been more appropriate and in which New GM later, in fact, recalled the subject vehicles.

674. These inappropriate uses of service bulletins prompted Frank Borris, the top defect investigator for NHTSA, to write to New GM's product investigations director, Carmen Benavides, in July 2013, complaining that "GM is slow to communicate, slow to act, and, at times, requires additional effort . . . that we do not feel is necessary with some of [GM's] peers."

675. Mr. Borris' correspondence was circulated widely among New GM's top executives. Upon information and belief, the following employees received a copy: John Calabrese and Alicia Boler-Davis, two vice presidents for product safety; Michael Robinson,

vice president of regulatory affairs; Jim Federico; Gay Kent, director of product investigations, and William Kemp, an in-house product liability lawyer.

676. **Safety Defects Affecting the Steering in GM-branded Vehicles – Power-Steering Hose Clamp Defect:** On June 18, 2014, New GM issued a safety recall of 57,192 MY 2015 Chevrolet Silverado 2500/3500 HD and 2015 GMC Sierra 2500/3500 HD vehicles with a power steering hose clamp defect.

677. In the affected vehicles, the power steering hose clamp may disconnect from the power steering pump or gear, causing a loss of power steering fluid. A loss of power steering fluid can result in a loss of power steering assist and power brake assist, increasing the risk of a crash.

678. **Safety Defects Affecting the Steering in GM-branded Vehicles – Power-Steering Control Module Defect:** On July 22, 2014, New GM recalled 57,242 MY 2014 Chevrolet Impala vehicles with a Power Steering Control Module defect.

679. Drivers of the affected vehicles may experience reduced or no power steering assist at start-up or while driving due to a poor electrical ground connection to the Power Steering Control Module. If power steering is lost, the vehicle will revert to manual steering mode. Manual steering requires greater driver effort and increases the risk of accident. New GM acknowledges one crash related to this condition.

680. On May 17, 2013, New GM received a report of a 2014 Impala losing communication with the Power Steering Control Module ("PSCM"). On or about May 24, 2013, New GM determined the root cause was a poor electrical connection at the PSCM grounding stud wheelhouse assembly.

681. But New GM's initial efforts to implement new procedures and fix the issue were unsuccessful. In January 2014, New GM reviewed warranty data and discovered 72 claims related to loss of assist or the Service Power Steering message after implementation of New GM's process improvements.

682. Then, on February 25, 2014, New GM received notice of a crash involving a 2014 Impala that was built in 2013. The crash occurred when the Impala lost its power steering, and crashed into another vehicle as a result.

683. In response, New GM monitored field and warranty data related to this defect and, as of June 24, 2014, it identified 253 warranty claims related to loss of power steering assist or Service Power Steering messages.

684. On July 15, 2014, New GM finally issued a safety recall for the vehicles, having been unsuccessful in its efforts to minimize and conceal the defect.

685. **Safety Defects Affecting the Steering in GM-branded Vehicles – Lower Control Arm Ball Joint Defect:** On July 18, 2014, New GM issued a safety recall of 1,919 MY 2014-2015 Chevrolet Spark vehicles with a lower control arm ball joint defect.

686. The affected vehicles were assembled with a lower control arm bolt not fastened to specification. This can cause the separation of the lower control arm from the steering knuckle while the vehicle is being driven, and result in the loss of steering control. The loss of steering control in turn creates a risk of accident.[328]

687. **Safety Defects Affecting the Steering in GM-branded Vehicles – Steering Tie-Rod Defect:** On May 13, 2014, New GM issued a safety recall of 477 MY 2014

[328] *See* July 18, 2014 Letter from New GM to NHTSA.

Chevrolet Silverado, 2014 GMC Sierra and 2015 Chevrolet Tahoe vehicles with a steering tie-rod defect.

688. In the affected vehicles, the tie-rod threaded attachment may not be properly tightened to the steering gear rack. An improperly tightened tie-rod attachment may allow the tie-rod to separate from the steering rack and greatly increases the risk of a vehicle crash.[329]

689. **Safety Defects Affecting the Steering in GM-branded Vehicles – Joint Fastener Torque Defect:** On June 30, 2014, New GM issued a safety recall of 106 MY 2014 Chevrolet Camaro, 2014 Chevrolet Impala, 2014 Buick Regal and 2014 Cadillac XTS vehicles with a joint fastener torque defect.

690. In the affected vehicles, joint fasteners were not properly torqued to specification at the assembly plant. As a result of improper torque, the fasteners may "back out" and cause a "loss of steering," increasing the risk of a crash.[330]

691. New GM claims that it was alerted to the problem by a warranty claim filed on December 23, 2013, at a California dealership for a Chevrolet Impala built at New GM's Oshawa car assembly plant in Ontario, Canada. Yet the Oshawa plant was not informed of the issue until March 4, 2014.[331]

692. Between March 4 and March 14, 2014, the Oshawa plant conducted a "root cause" investigation and concluded that the problem was caused by an improperly fastened "Superhold" joint. Though the Impala was electronically flagged for failing to meet the requisite torque level, the employee in charge of correcting the torque level failed to do so.[332]

---

[329] *See* May 27, 2014 Letter from New GM to NHTSA.
[330] *See* July 2, 2014 Letter from New GM to NHTSA.
[331] *Id.*
[332] *Id.*

693. On or about March 14, 2014, New GM Oshawa learned of two more warranty claims concerning improperly fastened Superhold joints. Both of the vehicles were approved by the same employee who had approved the corrective action for the joint involved in the December 23, 2013 warranty claim. The two additional vehicles were also flagged for corrective action, but the employee failed to correct the problem.[333]

694. On March 20, 2014, New GM Oshawa concluded the derelict employee had approved 112 vehicles after they were flagged for corrective action to the Superhold joint.[334]

695. Yet New GM waited until June 25, 2014 before deciding to conduct a safety recall.

696. **Safety Defects Affecting the Powertrain in Chevrolet and Pontiac Vehicles – Transmission Shift Cable Defect:** On May 19, 2014, New GM issued a safety recall for more than 1.1 million Chevrolet and Pontiac vehicles with dangerously defective transmission shift cables.

697. In the affected vehicles, the shift cable may fracture at any time, preventing the driver from switching gears or placing the transmission in the "park" position. According to New GM, "[i]f the driver cannot place the vehicle in park, and exits the vehicle without applying the park brake, the vehicle could roll away and a crash could occur without prior warning."[335]

698. Yet again, Old GM and later New GM knew of the shift cable defect long before it issued the recent recall of more than 1.1 million vehicles with the defect.

699. In May of 2011, NHTSA informed New GM that it had opened an investigation into failed transmission cables in 2007 model year Saturn Aura vehicles. In

[333] *Id.*
[334] *Id.*
[335] *See* New GM letter to NHTSA Re: NHTSA Campaign No. 14V-224 dated May 22, 2014, at 1.

response, New GM noted "a cable failure model in which a tear to the conduit jacket could allow moisture to corrode the interior steel wires, resulting in degradation of shift cable performance, and eventually, a possible shift cable failure."[336]

700. Upon reviewing these findings, New GM's Executive Field Action Committee conducted a "special coverage field action for the 2007-2008 MY Saturn Aura vehicles equipped with 4 speed transmissions and built with Leggett & Platt cables." New GM apparently chose that cut-off date because, on November 1, 2007, Kongsberg Automotive replaced Leggett & Platt as the cable provider.[337]

701. New GM did not recall any of the vehicles with the shift cable defect at this time, and limited its "special coverage field action" to the 2007-2008 Aura vehicles even though "the same or similar Leggett & Platt cables were used on … Pontiac G6 and Chevrolet Malibu (MMX380) vehicles."

702. In March 2012, NHTSA sent New GM an Engineering Assessment request to investigate transmission shift cable failures in 2007-2008 MY Aura, Pontiac G6, and Chevrolet Malibu.[338]

703. In responding to the Engineering Assessment request, New GM for the first time "noticed elevated warranty rates in vehicles built with Kongsberg shift cables." Similar to their predecessor vehicles built with Leggett & Platt shift cables, in the vehicles built with Kongsberg shift cables "the tabs on the transmission shift cable end may fracture and separate without warning, resulting in failure of the transmission shift cable and possible unintended vehicle movement."[339]

---

[336] *Id.* at 2.
[337] *Id.*
[338] *Id.*
[339] *Id.*

704. On September 13, 2012, the Executive Field Action Decision Committee decided to conduct a safety recall. This initial recall was limited to 2008-2010 MY Saturn Aura, Pontiac G6, and Chevrolet Malibu vehicles with 4-speed transmission built with Kongsberg shifter cables, as well as 2007-2008 MY Saturn Aura and 2005-2007 MY Pontiac G6 vehicles with 4-speed transmissions which may have been serviced with Kongsberg shift cables.[340]

705. But the shift cable problem was far from resolved.

706. In March of 2013, NHTSA sent New GM a second Engineering Assessment concerning allegations of failure of the transmission shift cables on all 2007-2008 MY Saturn Aura, Chevrolet Malibu, and Pontiac G6 vehicles.[341]

707. New GM continued its standard process of "investigation" and delay. But by May 9, 2014, New GM was forced to concede that "the same cable failure mode found with the Saturn Aura 4-speed transmission" was present in a wide population of vehicles.[342]

708. Finally, on May 19, 2014, New GM's Executive Field Action Decision Committee decided to conduct a safety recall of more than 1.1 million vehicles with the shift cable defect.

709. **Safety Defects Affecting the Powertrain in Cadillac Vehicles – Transmission Shift Cable Defect:** On June 18, 2014, New GM issued a safety recall of 90,750 MY 2013-2014 Cadillac ATS and 2014 Cadillac CTS vehicles with a transmission shift cable defect.

710. In the affected vehicles, the transmission shift cable may detach from either the bracket on the transmission shifter or the bracket on the transmission. If the cable detaches

[340] *Id.*
[341] *Id.*
[342] *Id.*

while the vehicle is being driven, the transmission gear selection may not match the indicated gear and the vehicle may move in an unintended or unexpected direction, increasing the risk of a crash. Furthermore, when the driver goes to stop and park the vehicle, the transmission may not be in "PARK" even though the driver has selected the "PARK" position. If the vehicle is not in the "PARK" position, there is a risk the vehicle will roll away as the driver and other occupants exit the vehicle or anytime thereafter. A vehicle rollaway causes a risk of injury to exiting occupants and bystanders.

711. On March 20, 2014, a New GM dealership contacted an assembly plant about a detached transmission shift cable. The assembly plant investigated and discovered one additional detached shift cable in the plant.

712. New GM assigned a product investigation engineer was assigned, and from March 24 to June 2, 2014, New GM examined warranty claims and plant assembly procedures and performed vehicle inspections. Based on these findings, New GM issued a safety recall on June 11, 2014.

713. **<u>Safety Defects Affecting the Transmission in GM-branded Vehicles – Transmission Oil Cooler Defect:</u>** On March 31, 2014, New GM issued a safety recall of 489,936 vehicles with a transmission oil cooler line defect.

714. In the affected vehicles, the transmission oil cooler lines may not be securely seated in the fitting. This can cause transmission oil to leak from the fitting, where it can contact a hot surface and cause a vehicle fire.

715. On September 4, 2013, a New GM assembly plant in Silao, Mexico experienced two instances in which a transmission oil cooler ("TOC") line became disconnected from the thermal bypass valve in 2014 pick-up trucks on the K2XX platform

during pressure tests. As a result, New GM required the supplier of the TOC lines and thermal bypass valve assembly (collectively the "TOC assembly") for these vehicles to issue a Quality Alert for its facility concerning the TOC assemblies. The supplier sorted the over 3,000 TOC assemblies at its facility, performed manual pull checks and visual inspections, and found no defects.

716. New GM also conducted manual pull checks and visual inspections on the TOC assemblies in the two New GM assembly plants responsible for the K2XX platform at the time (Silao, Mexico and Fort Wayne, Indiana), and identified no defects.

717. On September 19, 2013, the supplier provided New GM with a plan to ensure that the TOC lines were properly connected to the thermal bypass valve going forward. In addition to continuing its individual pull tests to verify that these connections were secure, the supplier planned to add a manual alignment feature to the three machines that it used to connect the TOC lines to the thermal bypass valve boxes. The supplier completed these upgrades on October 28, 2013.

718. On January 2, 2014, New GM's Product Investigations, Field Performance Assessment, and K2XX program teams received an investigator's report concerning a 2014 Chevrolet Silverado that caught fire during a test drive from a dealer in Gulfport, Mississippi on December 16, 2013. New GM's on-site investigation of the vehicle revealed that a TOC line had disconnected from the thermal bypass valve box. The build date for this vehicle was October 10, 2013, and the build date for the TOC assembly was September 28, 2013, prior to the supplier's October 28, 2013 completion of its machinery upgrades.

719. On January 3, 2014, New GM issued a Quality Alert to its assembly plants for K2XX vehicles, advising them to manually inspect the TOC assemblies from the supplier to

ensure that the TOC lines were securely connected. New GM also informed the supplier of the Mississippi event.

720. On January 15, 2014, New GM learned that a 2014 Chevrolet Silverado had recently caught fire while being driven by a dealer salesperson. New GM's investigation of the incident determined that one of the vehicle's TOC lines was disconnected from the thermal bypass valve box. The vehicle was built on November 12, 2013.

721. On January 29, after completing its investigation, New GM followed up with its K2XX assembly plants, and found no additional cases involving disconnected TOC lines after the January 3 Quality Alert.

722. On January 31, 2014, a team from New GM traveled to the supplier's facility to work with the supplier on its thermal valve assembly process. By February 27, 2014, the supplier added pressure transducers to the machine fixtures used to connect the TOC lines to the thermal bypass valve boxes to directly monitor the delivery of air pressure to the pull-test apparatus.

723. On March 23, 2014, a 2015 GMC Yukon caught fire during a test drive from a dealership in Anaheim, California. On March 24, 2014, New GM formed a team to investigate the incident; the team was dispatched to Anaheim that afternoon. On the morning of March 25, 2014, the New GM team examined the vehicle in Anaheim and determined that the incident was caused by a TOC line that was disconnected from the thermal bypass valve box. The assembly plants for K2XX vehicles were placed on hold and instructed to inspect all TOC assemblies in stock, as well as those in completed vehicles. A team from New GM also traveled to the supplier on March 25, 2014, to further evaluate the assembly process.

724. On March 26, 2014, New GM personnel along with personnel from the supplier examined the TOC assembly from the Anaheim vehicle. The group concluded that a TOC line had not been properly connected to the thermal bypass valve box. The build date for the thermal valve assembly in the Anaheim vehicle was determined to be January 16, 2014, after the supplier's October 28, 2013 machinery upgrades, but before its February 27, 2014 process changes.

725. On March 27, 2014, the Product Investigator assigned to this matter received a list of warranty claims relating to transmission fluid leaks in K2XX vehicles, which he had requested on March 24. From that list, he identified five warranty claims, ranging from August 30, 2013, to November 20, 2013, that potentially involved insecure connections of TOC lines to the thermal bypass valve box, none of which resulted in a fire. All five vehicles were built before the supplier completed its machinery upgrades on October 28, 2013.

726. Also on March 27, 2014, following discussions with New GM, the supplier began using an assurance cap in connecting the TOC lines to the thermal bypass valve boxes to ensure that the TOC lines are properly secured.

727. On March 28, 2014, New GM decided to initiate a recall of vehicles built on the K2XX platform so that they can be inspected to ensure that the TOC lines are properly secured to the thermal bypass valve box.

728. **Safety Defects Affecting the Transmission in GM-branded Vehicles – Transfer Case Control Module Software Defect:** On June 26, 2014, New GM issued a safety recall of 392,459 vehicles with a transfer case control module software defect.

729. In the affected vehicles, the transfer case may electronically switch to neutral without input from the driver. If the transfer case switches to neutral while the vehicle is

parked and the parking brake is not in use, the vehicle may roll away and cause injury to bystanders. If the transfer case switches to neutral while the vehicle is being driven, the vehicle will lose drive power, increasing the risk of a crash.

730. New GM first observed this defect on February 14, 2014, when a 2015 model year development vehicle, under slight acceleration at approximately 70 mph, shifted into a partial neutral position without operator input. When the vehicle shifted into neutral, the driver lost power, could not shift out of neutral, and was forced to stop driving. Once the vehicle stopped, the transfer case was in a complete neutral state and could not be moved out of neutral.

731. On or about February 17, 2014, New GM contacted Magna International Inc., the supplier of the transfer case and the Transfer Case Control Module ("TCCM") hardware and software, to investigate the incident. Magna took the suspect TCCM for testing.

732. From mid-February through mid-March, Magna continued to conduct testing. On March 18, Magna provided its first report to New GM but at that time, Magna had not fully identified the root cause.

733. On March 27, Magna provided an updated report that identified three scenarios that could cause a transfer case to transfer to neutral.

734. Between late March and April, New GM engineers continued to meet with Magna to identify additional conditions that would cause the unwanted transfer to neutral. New GM engineers also analyzed warranty information to identify claims for similar unwanted transfer conditions.

735. Two warranty claims for unwanted transfers were identified that appeared to match the conditions exhibited on February 14, 2014. Those warranty claims were submitted

on March 3 and March 18, 2014. On April 23, 2014, a Product Investigation engineer was assigned. A Problem Resolution Tracking System (PRTS) case was initiated on May 20, 2014.

736. The issue was presented to Open Investigation Review (OIR) on June 16, 2014, and on June 18, 2014, the Safety and Field Action Decision Authority (SFADA) decided to conduct a safety recall.

737. **Safety Defects Affecting the Transmission in GM-branded Vehicles – Acceleration-Lag Defect:** On April 24, 2014, New GM issued a safety recall of 50,571 MY 2013 Cadillac SRX vehicles with an acceleration-lag defect.

738. In the affected vehicles, there may be a three to four-second lag in acceleration due to faulty transmission control module programming. That can increase the risk of a crash.

739. On October 24, 2013, New GM's transmission calibration group learned of an incident involving hesitation in a company owned vehicle. New GM obtained the vehicle to investigate and recorded one possible event showing a one second hesitation.

740. In early December 2013, New GM identified additional reports of hesitation from the New GM company-owned vehicle driver fleet, as well as NHTSA VOQs involving complaints of transmission hesitation in the 2013 SRX vehicles.

741. In mid-February 2014, the transmission calibration team obtained additional company vehicles and repurchased customer vehicles that were reported to have transmission hesitation in order to install data loggers and attempt to reproduce the defect. On February 20, 2014, and February 27, 2014, New GM captured two longer hesitation events consistent with customer reports.

742. In response to the investigation, New GM issued a safety recall for the affected vehicles on April 17, 2014.

743. **Safety Defects Affecting the Transmission in GM-branded Vehicles – Transmission Turbine Shaft Fracture Defect:** On June 11, 2014, New GM recalled 21,567 MY 2012 Chevrolet Sonic vehicles equipped with a 6 Speed Automatic Transmission and a 1.8L Four Cylinder Engine suffering from a turbine shaft fracture defect.

744. In the affected vehicles, the transmission turbine shaft may fracture. If the transmission turbine shaft fracture occurs during vehicle operation in first or second gear, the vehicle will not upshift to the third through sixth gears, limiting the vehicle's speed. If the fracture occurs during operation in third through sixth gear, the vehicle will coast until it slows enough to downshift to first or second gear, increasing the risk of a crash.[343]

745. The turbine shafts at issue were made by Sundram Fasteners Ltd. ("SFL").[344] In November 2013, New GM learned of two broken turbine shafts in the affected vehicles when transmissions were returned to New GM's Warranty Parts Center (WPC). New GM sent the shafts to SFL, but SFL did not identify any "non-conformities."[345] But "[s]ubsequent investigation by GM identified a quality issue" with the SFL turbine shafts.[346]

746. By late January 2014, 5 or 6 more transmissions "were returned to the WPC for the same concern." That prompted a warranty search for related claims by New GM's "Quality Reliability Durability (QRD) lead for Gears and Shafts and Validation Engineer for Global Front Wheel 6 Speed Transmission…." That search revealed "a clear increase in incidents for 2012 Sonic built with 6T30 turbine shaft[s] during late February to June of 2012."[347]

[343] *See* June 11, 2014 Letter from New GM to NHTSA.
[344] *Id.*
[345] *Id.*
[346] *Id.*
[347] *Id.*

747. In March of 2014, New GM engineers found that turbine shafts made "in the suspect window were found to have a sharp corner and not a smooth radius in the spline." Testing done in April of 2014 apparently showed a lower life expectancy for "shafts with sharp corners" as opposed to "shafts with smooth radii."[348]

748. On June 4, 2014 "the Safety Field Action Decision Authority (SFADA) decided to conduct a safety recall," and New GM did so on June 11, 2014.[349]

749. **Safety Defects Affecting the Transmission in GM-branded Vehicles – Automatic Transmission Shaft Cable Adjuster Defect:** On February 20, 2014, New GM issued a noncompliance recall of 352 vehicles with defective automatic transmission shift cable adjusters.[350]

750. In the affected vehicles, one end of the transmission shift cable adjuster body has four legs that snap over a ball stud on the transmission shift lever. One or more of these legs may have been fractured during installation. If any of the legs are fractured, the transmission shift cable adjuster may disengage from the transmission shift lever. When that happens, the driver may be unable to shift gears, and the indicated gear position may not be accurate. If the adjuster is disengaged when the driver attempts to stop and park the vehicle, the driver may be able to shift the lever to the "PARK" position but the vehicle transmission may not be in the "PARK" gear position. That creates the risk that the vehicle will roll away as the driver and other occupants exit the vehicle, or anytime thereafter.[351]

[348] *Id.*
[349] *Id.*
[350] *See* February 20, 2014 Letter from New GM to NHTSA.
[351] *Id.*

751. These vehicles may not conform with Federal Motor Vehicle Safety Standard 102 for Transmission Shift Lever Sequence Starter Interlock and Transmission Braking Effect, or Federal Motor Vehicle Safety Standard 114 for Theft Protection and Rollaway Prevention.

752. **<u>Other Serious Defects Affecting GM-branded Vehicles:</u>** The above-described Safety Defects are not random or coincidental. They are not mere glitches. They are symptoms of an ailing culture at New GM—one that transfers ongoing risk of harm, as well as inconvenience and cost, to New GM's customers. The below list of other serious defects and recalls further illustrates and underscores that New GM has in no way prioritized making safe, defect free cars. There have been no fewer than 20 additional safety and other recalls of GM-Branded vehicles in 2014 alone. The defects are:

- Power management mode software defect
- Light control module defect
- Electrical short in driver's door module defect
- Front axle shaft defect
- Seat hook weld defect
- Front turn signal bulb defect
- Low-beam headlight defect
- Radio chime defect
- Fuel gauge defect
- Windshield wiper system defect
- Console bin door latch defect
- Driver door wiring splice defect
- Overloaded feed defect
- Windshield wiper module assembly defect

Case 1:14-md-02543-JMF Document 1179-1 Filed 07/01/15 Page 248 of 337

- Engine block heater power cord insulation defect
- Rear shock absorber defect
- Electronic stability control defect
- Unsecured floor mat defect
- Fuse block defect
- Diesel transfer pump defect

XIII. New GM's Misrepresentations That It Made Safe And Reliable Cars, The Ignition Switch Defect, and Other Safety Defects Have Harmed Plaintiffs And The Classes.

753. The ignition switch defect and the other safety defects have caused damage to Plaintiffs and the Class.

754. A vehicle purchased, leased, or retained with a serious safety defect is worth less than the equivalent vehicle leased, purchased, or retained without the defect.

755. A vehicle purchased, leased, or retained under the reasonable assumption that it is safe is worth more than a vehicle known to be subject to the unreasonable risk of catastrophic accident because of the ignition switch defects.

756. Purchasers and lessees of Defective Vehicles prior to the July 11, 2009, inception of New GM paid more for the Defective Vehicles, through a higher purchase price or higher lease payments, than they would have had Old GM disclosed the ignition switch defects. Plaintiffs and those Class members who purchased new or used Defective Vehicles overpaid for their Defective Vehicles as the result of Old GM's conduct, for which New GM is responsible. Because Old and New GM concealed the Ignition Switch Defect and the Other Safety Defects, these Plaintiffs did not receive the benefit of the bargain. In addition, the value of all Defective Vehicles has diminished as the result of Old and New GM's deceptive conduct.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 249 of 337

757. Plaintiffs and *millions* of Class members are stuck with vehicles that are now worth less than they would have been but for Old and New GM's failure to disclose and remedy the Ignition Switch Defect and the Other Safety Defects, and the remaining Class members overpaid at the time of purchase or lease, only to then sell at diminished value on or after February 14, 2014.

758. In addition, Plaintiffs and Class members are subject to a recall that *does not* fully cure the safety defects. Even if they receive a replacement switch with a stronger detent plunger, their vehicles will *not* be safe from the unreasonable risk of sudden unintended shutdown, with the attendant loss of power steering and other critical safety systems, including an operable airbag. That is because New GM has *not* pledged to address either the placement of the ignition switch in the Defective Vehicles *or* the fact that the airbags in the Defective Vehicles become inoperable as soon as the ignition switch turns to the "accessory" or "off" position in all of the Defective Vehicles, and refuses to even provide a stronger ignition switch for the millions of vehicles subject to the June and July ignition switch recalls.

759. If Old or New GM had timely disclosed the ignition switch defects as required by the TREAD Act, the law of fraudulent concealment, and the other State laws set forth below, all Class members' vehicles would now be safe to drive, and would have retained considerably more of their value. Because of the Companies' now highly-publicized campaign of deception, and New GM's belated, piecemeal and ever-expanding recalls, so much stigma has attached to the Defective Vehicles that no rational consumer would now purchase a Defective Vehicle—let alone pay what otherwise would have been fair market value for the vehicle.

760. The fact that vehicles owned by the Plaintiffs and Class are worth less than vehicles that are perceived as safe is demonstrated by the decline in value the Defective Vehicles have experienced since the revelation of Old and New GM's misconduct.

761. In essence Plaintiffs and Class members suffered harm from the revelation of two facts (i) Old and New GM's concealment of switch defects, and (2) New GM's widespread inability to produce safe cars as evidenced by the massive recalls in 2014.

762. For example, the following 2007 model year vehicles suffered estimated diminished value in March 2014 following the February ignition switch recall:

Saturn Ion	$251
Pontiac Solstice	$790
Saturn Sky	$238

763. As the truth was revealed that GM cars were not safe and reliable as evidenced by the unprecedented number of recalls and vehicles recalled, Defective Vehicles suffered additional diminished value by way of illustration:

2007 Pontiac G5	September 2014 Diminished Value $459
2007 Saturn Ion Sedan	September 2014 Diminished Value $472
2007 Saturn Sky	September 2014 Diminished Value $686

<u>TOLLING OF THE STATUTES OF LIMITATION</u>

764. All applicable statutes of limitation have been tolled by Old and New GM's knowing, ongoing and active fraudulent concealment and denial of the facts alleged herein. Plaintiffs and Class members did not discover, and did not know of facts that would have caused a reasonable person to suspect, that Old and New GM did not report information

within their knowledge to federal authorities (including NHTSA), their dealerships. Nor consumers, nor would a reasonable and diligent investigation have disclosed that Old or New GM had information in their possession about the existence and dangerousness of the defects, or that each opted to conceal that information until shortly before this action was filed.

765. All applicable statutes of limitation also have been tolled by operation of the discovery rule. Specifically, Plaintiffs and the other Class members could not have discovered, through the exercise of reasonable diligence, that their Defective Vehicles were defective within the time period of any applicable statutes of limitation.

766. Instead of disclosing the myriad safety defects and disregard of safety of which it was aware, New GM falsely represented that its vehicles were safe, reliable, and of high quality, and that it was a reputable manufacturer that stood behind GM-branded vehicles after they were sold.

767. New GM has been, since its inception, under a continuous duty to disclose to Plaintiffs and the other Class members the true character, quality, and nature of the Defective Vehicles. Instead, New GM has consistently, knowingly, affirmatively, and actively concealed the true nature, quality, and character of the Defective Vehicles from consumers.

768. Based on the foregoing, New GM is estopped from relying on any statutes of limitations in defense of this action as to claims for which the doctrine of estoppel is recognized.

769. Overall, regardless of whether it was New GM or Old GM that manufactured or sold a particular Defective Vehicle to a particular Class member, New GM is responsible for *its own* actions with respect to *all* the Defective Vehicles, and the resulting harm to Class members that occurred as the result of GM's acts and omissions. Simply put, GM was aware

of serious safety defects, and it also knew that Defective Vehicle owners were unaware of the defect, and it chose both to conceal these defects, and to forgo or delay any action to correct them. Under these circumstances, New GM had the clear duty to disclose and not conceal the ignition switch defects to Plaintiffs and the Class—regardless of when they acquired their Defective Vehicles.

770. New GM's obligations stem from several different sources, including, but not limited to: (i) the obligations it explicitly assumed under the TREAD Act to promptly report any safety defect to Defective Vehicle owners and to NHTSA so that appropriate remedial action could occur; (ii) the duty it had under the law of fraudulent concealment, as pleaded below; (iii) the duty it had under the State consumer protection and other laws, as pleaded below; and (iv) the general legal principle embodied in § 324A of the RESTATEMENT (SECOND) OF TORTS, ("Liability To Third Person For Negligent Performance Of Undertaking").

771. In acquiring Old GM, New GM expressly assumed the obligations to make all required disclosures under the TREAD Act with respect to all the Defective Vehicles.

772. Under the TREAD Act, if it is determined that vehicle has a safety defect, the manufacturer must promptly notify vehicle owners, purchasers and dealers of the defect, and may be ordered to remedy the defect. 49 U.S.C. § 30118(b)(2)(A) & (B).

773. Under the TREAD Act, manufacturers must also file a report with NHTSA within five working days of discovering "a defect in a vehicle or item of equipment has been determined to be safety related, or a noncompliance with a motor vehicle safety standard has been determined to exist." 49 C.F.R. § 573.6(a) & (b). At a minimum, the report to NHTSA must include: the manufacturer's name; the identification of the vehicles or equipment

containing the defect, including the make, line, model year and years of manufacturing; a description of the basis for determining the recall population; how those vehicles differ from similar vehicles that the manufacturer excluded from the recall; and a description of the defect. 49 C.F.R. § 276.6(b), (c)(1), (c)(2), & (c)(5).

774. The manufacturer must also promptly inform NHTSA regarding: the total number of vehicles or equipment potentially containing the defect; the percentage of vehicles estimated to contain the defect; a chronology of all principal events that were the basis for the determination that the defect related to motor vehicle safety, including a summary of all warranty claims, field or service reports, and other information, with its dates of receipt; and a description of the plan to remedy the defect. 49 C.F.R. § 276.6(b) & (c).

775. It cannot be disputed that New GM assumed a duty to all Defective Vehicle owners under the TREAD Act, and that it violated this duty.

776. Under § 324A of the RESTATEMENT, an entity that undertakes to render services to another which he should recognize as necessary for the protection of a third person or his things, is subject to liability for harm to the third person resulting from the failure to exercise reasonable care to protect the undertaking if the "failure to establish reasonable care increases the risk of such harm…" While this doctrine of negligent undertaking grew up in the context of physical harm, it also applies to economic loss, such as that suffered by Plaintiffs and the Class.

777. RESTATEMENT § 324A applies to an undertaking which is purely gratuitous, and it applies with even greater force here, where New GM is receiving substantial remuneration for its undertaking in relation to its dealerships' service centers. New GM provides parts for the Defective Vehicles as they are serviced at its dealerships, and receives

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 254 of 337

substantial revenue from dealerships relating to the servicing of Defective Vehicles. It also receives an additional benefit in that many of the people who own these vehicles will eventually sell or trade in their old vehicles for new ones. Consumers using New GM service centers and buying New GM replacement parts necessarily rely upon New GM to advise its dealerships of defects, notify its dealerships of safety related issues, provide its dealerships with accurate and up to date information and enable them to remedy defects. New GM's failure to carry out these obligations has increased the risk of harm to owners of Defective Vehicles, who regularly have their vehicles inspected and serviced at New GM dealerships and rely upon representations that the vehicles are safe and free of defects.

778. New GM's dealerships pass along GM replacement parts, and they also rely on New GM's expertise regarding how the vehicles should be maintained, and what conditions are necessary for the dealer to conclude that the vehicles are in proper working order at the time they are inspected, serviced and released back to the owner. The dealerships rely on New GM's assurances of safety, that New GM will tell them about safety related problems that come to New GM's attention, and that New GM will pass along knowledge of defects and how to address them. Dealers servicing the Defective Vehicles rely on New GM's representations that the vehicles and their component parts and safety features will function correctly if certain conditions are met when the vehicles are inspected and serviced, as do the consumers who go to a New GM dealership for repairs. New GM's breach of its obligations to its dealerships has resulted in harm to Plaintiffs and the Class.

SUCCESSOR LIABILITY ALLEGATIONS

779. General Motors Corporation was founded on September 16, 1908, in Flint, Michigan, and was incorporated on October 13, 1916, in Delaware. On June 1, 2009, General Motors Corporation ("Old GM") filed a Chapter 11 bankruptcy petition in the United States

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 255 of 337

Bankruptcy Court for the Southern District of New York.[352] On July 5, 2009, that court approved the sale of substantially all of the assets of Old GM to an entity known as General Motors LLC ("New GM").[353] Old GM sold all of its assets to New GM in a transaction finalized on July 10, 2009.[354] In that sale, all Old GM brands, inventory, physical assets, management, personnel, vehicles and general business operations were transferred to New GM. New GM acquired the contracts, books, and records of Old GM. New GM acquired all goodwill and intellectual property of Old GM. At no time was the business enterprise of the General Motors Company interrupted, and the New GM brand was continued as the same brand as Old GM.[355] New GM is the mere continuation or reincarnation of the same business enterprise as Old GM.

780. New GM acquired all or substantially all of the manufacturing assets of Old GM, and undertook the identical manufacturing operation as Old GM. New GM continued the manufacture, marketing sale and warranty of the Old GM brands, including the Chevrolet Cobalt, the Chevrolet HHR, the Buick Allure, the Buick LaCrosse, the Buick Lucerne, the Cadillac Deville, the Cadillac DTS, the Cadillac CTS, the Cadillac SRX, the Chevrolet Impala, the Chevrolet Camaro, the Chevrolet Malibu, and the Chevrolet Monte Carlo.

781. Saturn Corporation was established on January 7, 1985 as a subsidiary of Old GM. The Saturn Sky was first manufactured in 2006 for the 2007 model year ("MY"), and the Pontiac Solstice was first manufactured in 2005 for the 2006 MY. Old GM manufactured both of these vehicles at its Wilmington, DE plant, and New GM continued to manufacture, market and sell these vehicles post-bankruptcy. After attempting to sell the Saturn brand to Penske,

[352] Valukas Report at 1, FN 1 and Valukas Report at 131.
[353] *Id.*
[354] Valukas Report at 131-132.
[355] Valukas Report at 132, FN 577.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 256 of 337

New GM announced on September 30, 2009, that it was going to wind down the Saturn brand by October 2010.[356]

782. Adam Opel AG was founded on January 21, 1862 as a sewing machine manufacturer and produced its first automobiles in 1899. Opel, based in Russelsheim, Hesse, Germany, became a subsidiary of Old GM in 1931. The Opel/Vauxhall GT was introduced as a production model in late 1968. Production of the Opel/Vauxhall GT was shutdown in 1973 only to return 34 years later as a 2007 MY vehicle for GM. The Daewoo G2X was a rebadged version of the Opel GT available in September 2007. Old GM manufactured these vehicles from 2007 until July 28, 2009 at its Wilmington, DE plant, and New GM continued to manufacture, market and sell these Old GM vehicles post-bankruptcy. New GM announced on July 21, 2014, that Opel Group, a new entity created by Adam Opel AG and New GM, would manage and maintain full responsibility for New GM's European business, including Cadillac, Chevrolet, and the Opel/Vauxhall brands.[357]

783. Old GM began production of the Chevrolet Cobalt at its Lordstown Assembly plant in Lordstown, OH, in 2004 for the 2005 MY. New GM continued to manufacture, market and sell the Cobalt, an Old GM vehicle, post-bankruptcy until New GM discontinued the brand in 2010.[358]

---

[356] Valukas Report at 19; http://media.gm.com/media/us/en/gm/news.detail.html/content/Pages/news/us/en/2009/Jun/0601_PlantClosures.html; http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aioTrH.Mfo0o.
[357] http://en.wikipedia.org/wiki/Opel_GT; http://en.wikipedia.org/wiki/Saturn_Sky; http://www.detroitnews.com/article/20140721/AUTO0103/307210084.
[358] Valukas Report at 18; http://www.cleveland.com/business/index.ssf/2010/06/gm_taking_some_unusual_risks_i.html.

784. The Chevrolet HHR was manufactured at Old GM's Ramos Arizpe, Mexico plant for the 2006 MY. New GM continued to manufacture, market and sell the Chevrolet HHR post-bankruptcy.[359]

785. Old GM introduced the Pontiac G5/Pursuit in Canada for the 2005 MY and in the U.S. for the 2007 MY. New GM continued to manufacture, market and sell the Pontiac G5/Pursuit post-bankruptcy.[360]

786. Old GM began manufacturing the Buick LaCrosse (U.S.) (or Buick Allure in Canada) in September 2004 for the 2005 MY.[361] The last vehicle of the first-generation Buick LaCrosse was manufactured on December 23, 2008, at GM's Oshawa, Ontario plant. The second-generation Buick LaCrosse was unveiled at the North American International Auto Show in Detroit, Michigan in January 2009. New GM continues to manufacture, market and sell the LaCrosse to this day.[362]

787. Old GM began production of the Buick Lucerne in 2005 for the 2006 MY.[363] New GM continued production of the Buick Lucerne model vehicle until 2011.[364]

788. Old GM began manufacturing the Cadillac DTS in 2005 for the 2006 MY. In the bankruptcy, New GM acquired the Cadillac brand and continued to manufacture, market and sell the Cadillac DTS until 2011.[365]

[359] Valukas Report at 18; http://www.prlog.org/11024409-chevrolet-discontinues-the-hhr.html; http://www.autofieldguide.com/articles/lookingthe-chevy-hhr.
[360] http://www.answers.com/topic/pontiac-g5.
[361] *Ward's Automotive Yearbook 2005*. Ward's Communications, Inc. 2005. p. 115.
[362] http://www.autoblog.com/2009/01/08/detroit-preview-2010-buick-lacrosse-breaks-cover/.
[363] http://www.edmunds.com/buick/lucerne/.
[364] http://www.just-auto.com/news/gm-axes-cadillac-dts-and-buick-lucerne_id111499.aspx.
[365] http://www.edmunds.com/cadillac/dts/.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 258 of 337

789. The first-generation Cadillac SRX was manufactured and sold by Old GM between 2004 and 2009. New GM debuted the second-generation Cadillac SRX in 2010 and continues to manufacture, market and sell these vehicles to this day.[366]

790. Old GM began production of the Cadillac CTS in 2002 for the 2003 MY. Old GM redesigned portions of the Cadillac CTS in 2008, and New GM recently completed another redesign of this model in 2014.[367] New GM continues to manufacture, market and sell the Cadillac CTS.

791. The Chevrolet Impala has been manufactured, marketed and sold by Old GM since 1958. Old GM manufactured, marketed and sold the eighth-generation Impala from 2000-2005; followed by the ninth-generation Impala from 2006-2009. New GM continued to manufacture, market and sell the ninth-generation Chevrolet Impala between 2009 and 2013. New GM performed a redesign in 2013 for the 2014 MY, and continues to manufacture, market and sell the Chevrolet Impala.[368]

792. Old GM began manufacturing and selling the Chevrolet Malibu in 1963 for the 1964 MY. Four generations of Malibu were manufactured, marketed and sold by Old GM between 1964 and 1983, when the Malibu was discontinued. Old GM brought back the Malibu make in 1996 for the 1997 MY. With MY 2004, Old GM redesigned the Malibu, manufacturing, marketing and selling the second-generation Malibu until 2008. The third-generation Chevrolet Malibu was manufactured, marketed and sold by Old GM from 2008 to 2009. New GM continued to manufacture, market and sell the third-generation Chevrolet

[366] http://www.edmunds.com/cadillac/srx/.
[367] http://www.edmunds.com/cadillac/cts/.
[368] http://www.edmunds.com/chevrolet/impala/.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 259 of 337

Malibu from July 10, 2009 through 2012. New GM continues to manufacture, market and sell the current version of the Malibu as redesigned for MY 2013.[369]

793. Old GM manufactured, marketed and sold the Chevrolet Camaro model from its inception in the late 1960s until 2002, when the model was discontinued. The Chevrolet Camaro returned to the New GM lineup in 2009 for the 2010 MY, and continues to be manufactured, marketed and sold by New GM to this day.[370]

794. New GM enjoyed the benefits of the Old GM brands in continuing these brands and product lines. As the specific examples below demonstrate, New GM knowingly and intentionally undertook ongoing duties to the purchasers of Old GM vehicles to ensure the safety, function, and value of these vehicles. New GM cannot in law, equity or fairness absolve itself of liability for the Old GM vehicle defects that New GM fraudulently acted to conceal and keep on the road.

795. New GM honored the vehicle warranties and customer programs of Old GM on Old GM vehicles. On June 1, 2009, days before it was to file for bankruptcy protection, Old GM posted on its Internet website (www.gm.com) a "Customer FAQ on GM's Chapter 11 Filing," which remained accessible on New GM's website (www.gm.com) post-bankruptcy.[371] Among other things, New GM promised its customers and the Class:

> There will be no interruptions in GM's ability to take care of our customers and honor customer programs, warranties and provide replacement parts. In fact, GM has asked the Court for specific orders authorizing GM to honor customer warranties and programs as it always has. You should have total confidence that:

---

[369] http://wot.motortrend.com/a-quick-history-of-the-chevy-malibu-125595.html; http://www.edmunds.com/chevrolet/malibu/.
[370] http://www.edmunds.com/chevrolet/camaro/.
[371] http://web.archive.org/web/20090606083403/http://www.gmreinvention.com/index.php/site/progress_reports/0601_Viability_CustomerFAQ/#; http://web.archive.org/web/20100107122701/; http://www.gmreinvention.com/index.php/site/progress_reports/.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 260 of 337

- Our products are safe and sound;
- We will honor your existing warranty;
- Customer promotions and incentives will continue without interruption;
- You do not need to do anything differently regarding your warranty[372]

796. New GM continued:

> Will New GM honor customer warranty claims?
>
> Yes. GM will succeed and win by taking care of our customers every day. New GM will assume the obligations to support the express warranties issued by GM to its customers.[373]

797. With respect to Old GM's loyalty program—GM Card Earnings:

> What happens to my GM Card Earnings?
>
> Your GM Card Earnings will continue to be honored in accordance with the Program Rules. You can keep using your Card at more than 18 million outlets where MasterCard is accepted to accumulate Earnings and redeem them toward eligible, new GM vehicles.[374]

798. Under the bankruptcy sale agreement, New GM also expressly assumed certain liabilities of Old GM, including certain statutory requirements:

> From and after the Closing, Purchaser [New GM] shall comply with the certification, reporting and recall requirements of the National Traffic and Motor Vehicle Safety Act, the Transportation Recall Enhancement, Accountability and Documentation Act, the Clean Air Act, the California Health and Safety Code and similar Laws, in each case, to the extent applicable in respect of vehicles and vehicle parts manufactured or distributed by Seller.

799. In the sale agreement, New GM expressly set forth that it:

[372] *Id.*
[373] *Id.*
[374] *Id.*

> shall be responsible for the administration, management and payment of all Liabilities arising under (i) express written warranties of Sellers [Old GM] that are specifically identified as warranties and delivered in connection with the sale of new, certified used or pre-owned vehicles or new or remanufactured motor vehicle parts and equipment (including service parts, accessories, engines and transmissions) manufactured or sold by Sellers or Purchaser prior to or after the Closing and (ii) Lemon Laws.

800. New GM kept the same principle place of business and centers of operation as Old GM. Old GM purchased the Renaissance Center in Detroit, Michigan on May 16, 1996 for use as its global headquarters. New GM still maintains its public presence and residence at 300 Renaissance Center in Detroit, Michigan.[375]

801. In addition, Old GM established the General Motors Proving Grounds in Milford, Michigan in 1924; the Milford Proving Grounds property is still owned and used by New GM. The Milford Proving Grounds is a testing facility where the ignition switch was tested.

802. New GM kept the same employees as Old GM; retaining over 65,000 of Old GM's employees. This included some of Old GM's Board of Directors, top management and key players involved in the ignition switch defect, *inter alia*:

- Terry J. Woychowski was with Old GM since 1978, serving in various engineering positions including Global Vehicle Chief Engineer.[376] He held the position of Vice President of Global Quality and Vehicle Launch for New GM until retiring in June 2012.[377]

- Michael J. Robinson joined Old GM in 1984, and moved up to become North American General Counsel in 2008.[378] He continued to serve in New GM's legal department,

[375] *See* GM Annual Reports
[376] http://www.dbusiness.com/January-February-2011/General-Motors-Co/?cparticle=5&siarticle=4#.VBsxQE1OXcs.
[377] Valukas Report at 171.
[378] http://green.autoblog.com/2009/09/04/general-motors-announces-mike-robinson-as-new-environment-vp/.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/04/14 Page 262 of 337

becoming New GM's Vice President of Environment, Energy and Safety Policy in September 2009, holding that position until he was fired in 2014.[379]

- John R. Buttermore began his career at GM as an engineer in 1978.[380] He served Old GM as Vice President of Powertrain and Manufacturing Operations, and has served as New GM's Vice President of Manufacturing since September 2009.[381]

- Current New GM Chief Executive Officer, Mary T. Barra, began her career at Old GM in 1980 as a student at General Motors Institute.[382] She served in a number of engineering and management positions throughout Old GM and New GM prior to becoming New GM's Executive Vice President, Global Product Development, Purchasing and Supply Chain in 2013.[383] She assumed her current role with New GM on January 15, 2014.[384]

- Mark L. Reuss began his career with Old GM as an engineering intern in 1983.[385] Having held numerous management positions in engineering for GM, he served as President of GM North America from 2009-2013.[386] He currently serves New GM as Executive Vice President, Global Product Development, Purchasing and Supply Chain, having assumed the role from Barra.[387]

- Gary Altman served as Old GM's Program Engineering Manager for the Chevrolet Cobalt in 2004 and continued to serve New GM as a manager until he was fired in 2014.[388]

- Raymond DeGiorgio served Old GM as the Design Release Engineer for the ignition switch used in the Saturn Ion and Chevrolet Cobalt vehicles in 2003/2004.[389] He continued to

[379] *Id*; http://fortune.com/2014/06/06/report-names-top-gm-workers-fired-over-gm-safety-probe/.
[380] http://investing.businessweek.com/research/stocks/people/person.asp?personId=2971371&ticker=GM&previousCapId=61206100&previousTitle=GENERAL%20MOTORS%20CO.
[381] *Id.*
[382] http://www.gm.com/company/aboutGM/board_of_directors0/mary_barra.html.
[383] *Id.*
[384] *Id.*
[385] http://www.gm.com/company/corporate-officers/mark-reuss.
[386] *Id.*
[387] *Id.*
[388] Valukas Report at 58; http://www.newsweek.com/gm-fired-15-over-defect-killed-least-13-253685.
[389] Valukas Report at 37-38.

be employed by New GM in an engineering role until he was fired in 2014.[390]

- Lawrence Buonomo served as an attorney in Old GM's legal department from 1994-2009, and served as New GM's Executive Director of Litigation from 2009-2012.[391] New GM named him Practice Area Manager and Global Legal Process Leader - Litigation in 2012, a position in which he served until he was fired in 2014.[392]

- William J. Kemp served as a top product safety attorney for Old GM during 2003-2013.[393] He continued to serve in New GM's legal department until his termination in 2014.[394]

- Michael Millikin, formerly Old GM's Coordinator of Global Legal Services, was renamed Old GM's Associate General Counsel in June 2005, a position he continued to hold until he assumed his current role as New GM's Vice President and General Counsel in July 2009.[395] Millikin remains in place as General Counsel for New GM.

- Thomas G. Stephens began his career at Old GM as an engineer in 1969.[396] Moving up the corporate ladder, he was made Group Vice President, Global Powertrain and Global Quality in 2006, and served as Vice Chairman, Global Product Development for Old GM and New GM from April 2009 through June 2011.[397] He continued to serve New GM as Vice Chairman & Global Chief Technology Officer until April 2012.[398]

- Timothy E. Lee began his career at Old GM as a student at General Motors Institute in 1969.[399] He moved into top management in 2002 when he assumed the role of Vice President of Manufacturing for GM Europe and in 2006 as

---

390 http://www.newsweek.com/gm-fired-15-over-defect-killed-least-13-253685.
391 http://www.linkedin.com/pub/lawrence-larry-buonomo/5/978/499
392 *Id.; See also* http://online.wsj.com/articles/gm-dismissals-include-lawyers-lawrence-buonomo-bill-kemp-1402003050
393 Valukas Report at 85-86, 104, 147-148, 150, 153, 164-165, 171, 178, 183 and 196.
394 *Id*; http://online.wsj.com/articles/gm-dismissals-include-lawyers-lawrence-buonomo-bill-kemp-1402003050
395 http://www.gm.com/company/aboutGM/GM_Corporate_Officers/michael_p_millikin.html
396 http://investing.businessweek.com/research/stocks/people/person.asp?personId=9663636&ticker=GM
397 *Id; See also* GM Annual Reports.
398 http://investing.businessweek.com/research/stocks/people/person.asp?personId=9663636&ticker=GM
399 http://investing.businessweek.com/research/stocks/people/person.asp?personId=25315960&ticker=GM

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 264 of 337

Vice President of Manufacturing for GM North America.[400] He took over as President of International Operations for New GM in December 2009, and also served New GM as its Executive Vice President of Global Manufacturing from 2012 through 2014.[401]

- Chester N. Watson has served as General Auditor for Old GM and New GM from 2003 through 2010.[402]

- Victoria McInnis began her career at GM Canada in 1995 and served New GM as Chief Tax Officer through 2012.[403]

- Frederick A. Henderson served as Old GM's Vice Chairman of the Board of Directors and Chief Financial Officer from 2005 until he was elected Chairman and Chief Financial Officer in June of 2009, leading new GM through bankruptcy.[404]

- Erroll B. Davis, Jr. served on Old GM's Board of Directors starting in 2007 and, according to New GM's 2013 Annual Report, still serves on the Board of Directors to this day.[405]

- Phillip A. Laskawy served on Old GM's Board of Directors beginning in 2003 and continued to serve on New GM's Board of Directors until 2013.[406]

- Kathryn V. Marinello served on Old GM's Board of Directors starting in 2007 and, according to New GM's 2013 Annual Report, still serves on the Board of Directors to this day.[407]

803. In addition to in-house counsel that remained with New GM post-bankruptcy, Old GM and New GM retained the same outside lawyers and law firms.

---

[400] *Id.; See also* GM Annual Reports.
[401] http://investing.businessweek.com/research/stocks/people/person.asp?personId=25315960&ticker=GM.
[402] http://www.dbusiness.com/January-February-2011/General-Motors-Co/?cparticle=5&siarticle=4#.VBrd9U1OXcs; *See also* GM Annual Reports.
[403] *Id.*
[404] *See* GM Annual Reports.
[405] *Id.*
[406] *Id.*
[407] *Id.*

804. New GM retained ownership and control over nearly all of Old GM's manufacturing plants; closing only fourteen.[408] New GM also assumed ownership and responsibility for over 3,600 of Old GM's U.S. dealerships.[409]

805. New GM kept the same logos and brand marketing as Old GM. Old GM unveiled its "Mark of Excellence" logo in 1966.

806. The words "Mark of Excellence" were removed in the late 1970's, but what remained of the logo is still in use today.

807. On August 24, 2009, New GM announced the removal of its logo from all of its vehicles starting with the 2010 MY; however, New GM continues to use this logo to this day on its websites and marketing materials.

[408] http://money.cnn.com/2009/07/10/news/companies/new_gm/.
[409] *Id.*

808. New GM has also maintained the logos and branding for Chevrolet and Cadillac, after acquiring these brand assets post-bankruptcy. The Chevrolet bowtie was introduced in late 1913 containing the "Chevrolet" name within the bowtie. Old GM continued to use the bowtie logo after it purchased Chevrolet in 1918.

809. Around 2000, the Chevrolet name was removed from the logo, and, despite slight design variations to the bowtie, the logo and brand remain the same today as used by New GM.

810. The iconic Cadillac crest was first unveiled in 1906. Though there have been slight varying designs of the crest, the Cadillac logo consisting of a silver, gold, red and blue crest surrounded by a wreath has remained conceptually the same since 1982.

811. In January of 2014, New GM announced it was removing the Cadillac wreath from the logo and widening the crest for a more streamlined appearance.

812. New GM's operations have consistently demonstrated a continuity of Old GM as an extension of its predecessor corporations' business and product lines. New GM expressly and impliedly assumed the warranty obligations and liabilities of Old GM. New GM has consistently and continuously held itself out to the public and the Class as the continuation of Old GM. New GM is a mere continuation or reincarnation of the same business of Old GM. New GM had—and continues to have—an ongoing duty to warn the Class of the defects that it knew existed in Old GM vehicles. New GM entered into the bankruptcy having fraudulently concealed material facts on the defects in Old GM and New GM vehicles to the reliance and detriment of the Class, and is responsible for the conduct and fraudulent concealment by Old

Case 1:14-md-02543-JMF Document 379-1 Filed 10/14/14 Page 268 of 337

GM as it relates to the Defective Vehicles. New GM and Old GM were, and New GM remains, under a continuing duty to disclose to the Class the true character, quality, and nature of the Defective Vehicles; that this defect is based on dangerous, inadequate, and defective design and substandard materials; and that the defects will require repair, pose a severe safety concern, and diminishes the value of the Defective Vehicles.

813. New GM undertook the same manufacturing operation as Old GM. New GM continued the product lines of Old GM. The totality of the transaction between the predecessor and successor corporations demonstrates a basic continuity of the predecessor corporation's business. Indeed, the purpose of the bankruptcy transaction funded by taxpayer dollars was to save and continue the Old GM brand, the Old GM name, the Old GM product line, and to ensure the continuation or reincarnation of the same business enterprise as New GM. The fraudulent concealment of material facts begun under Old GM was continued, carried on, and furthered by New GM and its agents. New GM did not report material safety information within its knowledge to the Class, nor would a reasonable and diligent public investigation have disclosed to the Class that New GM had information in its possession about the existence and dangerousness of the Old GM defects that it failed to disclosed and instead acted to fraudulently conceal. The cover-up and omissions of Old GM are the responsibility of New GM. The transfer of Old GM assets to New GM was done fraudulently and in an attempt to escape liability for gross misconduct and to destroy the remedies of the Class as against New GM.

814. New GM continued the business of General Motors as evidenced by the continuity of management, personnel, physical location, assets, and general business operations of Old GM.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 269 of 337

815. Old GM ceased its ordinary business operations and was dissolved by terms of the bankruptcy. New GM expressly and impliedly assumed the obligations of Old GM to manufacture non-defective vehicles and by warranting to the Class and the public that the GM brand would remain in operation as a continuation of the same company. At all relevant times, New GM held itself out to the Class, and to the world, as the effective continuation of Old GM. With respect to each of the Claims for Relief asserted herein, the Classes thus assert two distinct, severable, and independent bases of New GM liability: (1) GM's own knowledge, deceptive, negligent, and violative conduct, its breach of its own duty, and resulting harm; and (2) New GM's successor liability.

CHOICE OF LAW ALLEGATIONS

816. New GM is headquartered in Detroit, Michigan, the "center of gravity" of this case.

817. As did Old GM, New GM does substantial business in Michigan. Nearly half of New GM's United States manufacturing plants are in Michigan, as are a third of its assembly plants. Upon information and belief, there are approximately 20,000 New GM employees in Michigan alone.

818. In addition, the conduct that forms the basis for each and every Class members' claims against New GM emanated from Old and New GM's headquarters in Detroit, Michigan.

819. On information and belief, Old and New GM personnel responsible for customer communications are and were located at the Michigan headquarters, and the core decision not to disclose the ignition switch and safety defects to consumers was made and implemented from there.

820. On information and belief, throughout the Class Period, Old and New GM, in concert with their Michigan-based advertising agencies, failed to disclose the existence of the ignition switch and other safety defects.

821. On information and belief, the Red X team, an engineering team whose purpose is to find the cause of an engineering design defect, is and was located in Detroit, Michigan.

822. On information and belief, marketing campaigns falsely promoting Old and New GM cars as safe and reliable were conceived and designed in Michigan.

823. On information and belief, Old and New GM personnel responsible for managing the customer service division are and were located at the Michigan headquarters. The “Customer Assistance Centers” directs customers to call the following numbers: 1-800-222-1020 (Chevrolet), 1-800-521-7300 (Buick), 1-800-462-8782 (GMC), 1-800-458-8006 (Cadillac), 1-800-762-2737 (Pontiac), 1-800-732-5493 (HUMMER), and 1-800-553-6000 (Saturn), which are landlines in Detroit, Michigan. Customers are directed to send correspondence to GM Company, P.O. Box 33170, Detroit, MI 48232-5170. In addition, personnel from GM in Detroit, Michigan, also communicate via e-mail with customers concerned about the ignition switch and safety defects.

824. On information and belief, Old and New GM personnel responsible for communicating with dealers regarding known problems with Defective Vehicles are and were also located at the Michigan headquarters.

825. On information and belief, Old and New GM personnel responsible for managing the distribution of replacement parts to dealerships are and were located at the Michigan headquarters. The decision not to change the part number and the service stock

(replacement parts they had in inventory) of older, weaker switches was made and implemented from Old GM's Michigan headquarters.

826. On information and belief, New GM's presence is more substantial in Michigan than any other state, and the same was true of Old GM.

CLASS ACTION ALLEGATIONS

827. As alleged throughout this Complaint, the Classes' claims all derive directly from a single course of conduct by New GM, from its inception onward. This case is about the responsibility of New GM, at law and in equity, for its knowledge, its conduct, and its products. New GM has engaged in uniform and standardized conduct toward the Classes. It did not differentiate, in its degree of care or candor, its actions or inactions, OR in the content of its statements or omissions, among individual Class members. The objective facts on these subjects are the same for all Class members. Within each Claim For Relief asserted by the respective Classes, the same legal standards govern. Additionally, many states share the same legal standards and elements of proof, facilitating the certification of multistate classes for some or all claims.

II. The Nationwide Class

828. Accordingly, under Rules 23(a); (b)(1) and/or (b)(2); and (b)(3) of the Federal Rules of Civil Procedure, Plaintiffs bring this action and seek to certify and maintain it as a class action on behalf of themselves and a Nationwide Class initially defined as follows:

> All persons in the United States who entered into a lease or bought, prior to July 11, 2009, and who (i) own or lease, or (ii) who sold after February 14, 2014, or (iii) who had declared a total loss after an accident occurring after February 14, 2014, one or more of the following GM vehicles: 2003-2007 Saturn Ion; 2005-2009 Chevrolet Cobalt; 2007-2009 Pontiac G5; 2006-2009 Chevrolet HHR; 2006-2009 Pontiac Solstice; 2007-2009 Saturn Sky; 2004-2005 Buick Regal LS & GS; 2005-2009 Buick Lacrosse; 2006-2009 Buick Lucerne; 2000-2005 Cadillac Deville; 2004-2009

> Cadillac DTS; 2000-2009 Chevrolet Impala; 2000-2008 Chevrolet Monte Carlo; 2003-2009 Cadillac CTS; 2004-2006 Cadillac SRX; 1997-2005 Chevrolet Malibu; 2000-2005 Pontiac Grand Am; 2004-2008 Pontiac Grand Prix; 1998-2002 Oldsmobile Intrigue; 1999-2004 Oldsmobile Alero; or 2008-2009 Pontiac G8 ("Defective Vehicles").[410]

III. The State Classes

829. Plaintiffs allege statewide class action claims on behalf of classes for each of the 50 states, the District of Columbia and Puerto Rico ("State Classes"). Each of these State Classes is initially defined as follows:

> All persons in the State of _________ (e.g., Alabama) who entered into a lease or bought, prior to July 11, 2009, and who (i) own or lease, or (ii) who sold after February 14, 2014, or (iii) who had declared a total loss after an accident occurring after February 14, 2014, one or more of the following GM vehicles: 2003-2007 Saturn Ion; 2005-2009 Chevrolet Cobalt; 2007-2009 Pontiac G5; 2006-2009 Chevrolet HHR; 2006-2009 Pontiac Solstice; 2007-2009 Saturn Sky; 2004-2005 Buick Regal LS & GS; 2005-2009 Buick Lacrosse; 2006-2009 Buick Lucerne; 2000-2005 Cadillac Deville; 2004-2009 Cadillac DTS; 2000-2009 Chevrolet Impala; 2000-2008 Chevrolet Monte Carlo; 2003-2009 Cadillac CTS; 2004-2006 Cadillac SRX; 1997-2005 Chevrolet Malibu; 2000-2005 Pontiac Grand Am; 2004-2008 Pontiac Grand Prix; 1998-2002 Oldsmobile Intrigue; 1999-2004 Oldsmobile Alero; or 2008-2009 Pontiac G8 ("Defective Vehicles").

830. The Nationwide Class and the State Classes and their members are sometimes referred to herein as the "Class" or "Classes."

831. Excluded from each Class are Old GM and New GM, their employees, co-conspirators, officers, directors, legal representatives, heirs, successors and wholly or partly owned subsidiaries or affiliates of Old GM; Class Counsel and their employees; and the

[410] To the extent warranted, the list of Defective Vehicles for the purpose of the Nationwide and State Class Definitions, will be supplemented to include other GM vehicles that have the defective ignition switches, which inadvertently turn off the engine and vehicle electrical systems during ordinary driving conditions, and related defects.

judicial officers and their immediate family members and associated court staff assigned to this case, and all persons within the third degree of relationship to any such persons.

832. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(1). Plaintiffs are informed and believe that there are millions of Defective Vehicles nationwide, and thousands of Defective Vehicles in each of the States. Individual joinder of all Class members is impracticable.

833. Each of the Classes is ascertainable because its members can be readily identified using registration records, sales records, production records, and other information kept by New GM or third parties in the usual course of business and within their control. Plaintiffs anticipate providing appropriate notice to each certified Class, in compliance with Fed. R. Civ. P. 23(c)(1)(2)(A) and/or (B), to be approved by the Court after class certification, or pursuant to court order under Fed. R. Civ. P. 23(d).

834. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(2) and 23(b)(3) because questions of law and fact that have common answers that are the same for each of the respective Classes predominate over questions affecting only individual Class members. These include, without limitation, the following:

a. Do the Defective Vehicles suffer from ignition switch defects?

b. Did Old GM and/or New GM fraudulently conceal these defects?

c. Did Old GM and/or New GM's conduct toll any or all applicable limitations periods by acts of fraudulent concealment, application of the discovery rule, or equitable estoppel?

d. Did Old GM and/or New GM misrepresent that the Defective Vehicles were safe?

e. Did Old GM and/or New GM engage in unfair, deceptive, unlawful and/or fraudulent acts or practices in trade or commerce by failing to disclose that the Defective Vehicles were designed, manufactured, and sold with defective ignition switches?

f. Was Old GM and/or New GM's conduct, as alleged herein, likely to mislead a reasonable consumer?

g. Were Old GM and/or New GM's statements, concealments and omissions regarding the Defective Vehicles material, in that a reasonable consumer could consider them important in purchasing, selling, maintaining, or operating such vehicles?

h. Did Old GM and/or New GM violate each of the States' consumer protection statutes, and if so, what remedies are available under those statutes?

i. Were the Defective Vehicles unfit for the ordinary purposes for which they were used, in violation of the implied warranty of merchantability?

j. Is New GM liable to the Class for damages and/or penalties, as a result of its own knowledge, conduct, action, or inaction?

k. Is New GM liable to the Class for damages and/or penalties under privileges of successor liability

l. Are Plaintiffs and the Class entitled to a declaratory judgment stating that the ignition switches in the Defective Vehicles are defective and/or not merchantable?

m. Did Old GM and/or New GM's unlawful, unfair, and/or deceptive practices harm Plaintiffs and the Class?

n. Has New GM been unjustly enriched by its conduct?

o. Are Plaintiffs and the Class entitled to equitable relief, including, but not limited to, a preliminary and/or permanent injunction?

p. Should New GM be declared responsible for notifying all Class members of the defects and ensuring that all GM vehicles with the Ignition Switch Defect are promptly recalled and repaired?

q. What aggregate amounts of statutory penalties, as available under the laws of Michigan and other States, are sufficient to punish and deter New GM and to vindicate statutory and public policy?

r. How should such penalties be most equitably distributed among Class members?

835. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(3) because Plaintiffs' claims are typical of the claims of the Class members, and arise from the same course of conduct by New GM. The relief Plaintiffs seek is typical of the relief sought for the absent Class members.

836. This action satisfies the requirements of Fed. R. Civ. P. 23(a)(4) because Plaintiffs will fairly and adequately represent and protect the interests of all absent Class members. Plaintiffs are represented by counsel who are competent and experienced in product liability, consumer protection, and class action litigation.

837. This action satisfies the requirements of Fed. R. Civ. P. 23(b)(1) because the prosecution of separate actions by the individual Class members on the claims asserted herein would create a risk of inconsistent or varying adjudications for individual Class members, which would establish incompatible standards of conduct for New GM; and because adjudication with respect to individual Class members would, as a practical matter, be dispositive of the interests of other Class members, or impair substantially or impede their ability to protect their interests.

838. Absent a class action, most Class Members would likely find the cost of litigating their claims prohibitively high and would therefore have no effective remedy at law. Because of the relatively small size of the individual Class Members' claims, it is likely that only a few Class Members could afford to seek legal redress for Defendant's misconduct. Absent a class action, Class Members will continue to incur damages, and Defendant's misconduct will continue without remedy.

839. This action satisfies the requirements of Fed. R. Civ. P. 23(b)(2) because Defendant New GM has acted and refused to act on grounds generally applicable to each Class, thereby making appropriate final injunctive and/or corresponding declaratory relief with respect to each Class as a whole.

840. This action satisfies the requirements of Fed. R. Civ. P. 23(b)(3) because a class action is superior to other available methods for the fair and efficient adjudication of this controversy. The common questions of law and of fact regarding New GM's conduct and responsibility predominate over any questions affecting only individual Class members.

841. Because the damages suffered by each individual Class member may be relatively small, the expense and burden of individual litigation would make it very difficult or impossible for individual Class members to redress the wrongs done to each of them individually, such that most or all class members would have no rational economic interest in individually controlling the prosecution of specific actions, and the burden imposed on the judicial system by individual litigation by even a small fraction of the Class would be enormous, making class adjudication the superior alternative under Fed. R. Civ. P. 23(b)(3)(A).

842. The claims in this Complaint have been centralized in this forum as MDL proceedings pursuant to 28 U.S.C. § 1407. Essentially all related litigation already begun by GM customers asserting ignition switch-related class claims is now consolidated in this forum. The ongoing concentration of such claims in this forum, at least through the class certification determination and the trial of bellwether class claims, is superior, under Fed. R. Civ. P. 23(b)(3)(B) and (C), to the premature dispersion of these claims or individualized treatment of these claims.

843. The conduct of this action as a class action presents far fewer management difficulties, far better conserves judicial resources and the parties' resources, and far more effectively protects the rights of each Class member than would piecemeal litigation. Compared to the expense, burdens, inconsistencies, economic infeasibility, and inefficiencies of individualized litigation, the challenges of managing this action as a class action are substantially outweighed by the benefits to the legitimate interests of the parties, the court, and the public of class treatment in this court, making class adjudication superior to other alternatives, under Fed. R. Civ. P. 23(b)(3)(D).

844. Plaintiffs are not aware of any obstacles likely to be encountered in the management of this action that would preclude its maintenance as a class action. Rule 23 provides the Court with authority and flexibility to maximize the efficiencies and benefits of the class mechanism and reduce management challenges. The Court may, on motion of Plaintiffs or on its own determination, certify nationwide, statewide and/or multistate classes for claims sharing common legal questions; utilize the provisions of Rule 23(c)(4) to certify any particular claims, issues, or common questions of fact or law for classwide adjudication;

certify and adjudicate bellwether class claims; and utilize Rule 23(c)(5) to divide any Class into subclasses.

845. The Classes expressly disclaim any recovery, in this action, for physical injury resulting from the ignition switch defects without waiving or dismissing such claims. Plaintiffs are informed and believe that crashes implicating the Defective Vehicles are continuing to occur because of New GM's delays and inaction regarding the commencement and completion of recalls. The increased risk of injury from the ignition switch defects serves as an independent justification for the relief sought by Plaintiffs and the Class.

REALLEGATION AND INCORPORATION BY REFERENCE

846. Plaintiffs reallege and incorporate by reference all of the preceding paragraphs and allegations of this Complaint, including the Introduction, all Factual Allegations, Tolling Allegations, Successor Liability Allegations, Choice of Law Allegations, and Class Action Allegations, as though fully set forth in each of the following Claims for Relief asserted on behalf of the Nationwide Class and the Statewide Classes.

CLAIMS FOR RELIEF

I. NATIONWIDE CLASS CLAIMS

FIRST CLAIM FOR RELIEF
ON BEHALF OF NATIONWIDE CLASS

VIOLATION OF THE MAGNUSON-MOSS WARRANTY ACT
15 U.S.C. § 2301 *et. seq.*

847. Plaintiffs bring this Count on behalf of members of the Nationwide Class who are residents of the following States: Alaska, Arkansas, California, Colorado, Delaware, District of Columbia, Hawaii, Indiana, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Oklahoma,

Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Utah, Virginia, West Virginia and Wyoming.

848. This Court has jurisdiction to decide claims brought under 15 U.S.C. § 2301 by virtue of 28 U.S.C. § 1332 (a)-(d).

849. The Defective Vehicles are "consumer products" within the meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(1).

850. Plaintiffs are "consumers" within the meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(3). They are consumers because they are persons entitled under applicable state law to enforce against the warrantor the obligations of its express and implied warranties.

851. Old GM was a "supplier" and "warrantor" within the meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(4)-(5).

852. 15 U.S.C. § 2310(d)(1) provides a cause of action for any consumer who is damaged by the failure of a warrantor to comply with a written or implied warranty.

853. Old and New GM provided Plaintiffs and the other Class members with an implied warranty of merchantability in connection with the purchase or lease of their vehicles that is an "implied warranty" within the meaning of the Magnuson-Moss Warranty Act, 15 U.S.C. § 2301(7). As a part of the implied warranty of merchantability, Old and New GM warranted that the Defective Vehicles were fit for their ordinary purpose as safe passenger motor vehicles, would pass without objection in the trade as designed, manufactured, and marketed, and were adequately contained, packaged, and labeled. Mich. Comp. Laws § 440.2314(2)(a), (c), and (e); U.C.C. § 2-314.

854. Old and New GM breached these implied warranties, as described in more detail above, and are therefore liable to Plaintiffs and the Class pursuant to 15 U.S.C. § 2310(d)(1). Without limitation, the Defective Vehicles share common design defects in that they are equipped with defective Key Systems that can suddenly fail during normal operation, leaving occupants of the Defective Vehicles vulnerable to crashes, serious injury, and death. New GM has admitted that the Defective Vehicles are defective in issuing its recalls, but the recalls are woefully insufficient to address each of the defects.

855. In its capacity as a warrantor, as Old and New GM had knowledge of the inherent defects in the Defective Vehicles, any efforts to limit the implied warranties in a manner that would exclude coverage of the Defective Vehicles is unconscionable, and any such effort to disclaim, or otherwise limit, liability for the Defective Vehicles is null and void.

856. The limitations on the warranties are procedurally unconscionable. There was unequal bargaining power between Old GM and Plaintiffs and the other Class members, as, at the time of purchase and lease, Plaintiffs and the other Class members had no other options for purchasing warranty coverage other than directly from Old GM.

857. The limitations on the warranties are substantively unconscionable. Old GM and later New GM knew that the Defective Vehicles were defective and would continue to pose safety risks after the warranties purportedly expired. Old and New GM failed to disclose these defects to Plaintiffs and the other Class members. Thus, New GM's enforcement of the durational limitations on those warranties is harsh and shocks the conscience.

858. Plaintiffs and each of the other Class members have had sufficient direct dealings with either Old or New GM or its agents (dealerships) to establish privity of contract. Nonetheless, privity is not required here because Plaintiffs and each of the other Class

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 291 of 337

members are intended third-party beneficiaries of contracts between Old and New GM and its dealers, and specifically, of the implied warranties. The dealers were not intended to be the ultimate consumers of the Defective Vehicles and have no rights under the warranty agreements provided with the Defective Vehicles; the warranty agreements were designed for and intended to benefit consumers. Finally, privity is also not required because the Defective Vehicles are dangerous instrumentalities due to the aforementioned defects and nonconformities.

859. Pursuant to 15 U.S.C. § 2310(e), Plaintiffs are entitled to bring this class action and are not required to give New GM notice and an opportunity to cure until such time as the Court determines the representative capacity of Plaintiffs pursuant to Rule 23 of the Federal Rules of Civil Procedure.

860. Furthermore, affording either Old or New GM an opportunity to cure its breach of written warranties would be unnecessary and futile here. At the time of sale or lease of each Defective Vehicle, Old GM knew, should have known, or was reckless in not knowing of its misrepresentations concerning the Defective Vehicles' inability to perform as warranted, but nonetheless failed to rectify the situation and/or disclose the defective design. Under the circumstances, the remedies available under any informal settlement procedure would be inadequate and any requirement that Plaintiffs resort to an informal dispute resolution procedure and/or afford Old GM a reasonable opportunity to cure its breach of warranties is excused and thereby deemed satisfied.

861. Plaintiffs and the other Class members would suffer economic hardship if they returned their Defective Vehicles but did not receive the return of all payments made by them. Because New GM is refusing to acknowledge any revocation of acceptance and return

immediately any payments made, Plaintiffs and the other Class members have not re-accepted their Defective Vehicles by retaining them.

862. The amount in controversy of Plaintiffs' individual claims meets or exceeds the sum of $25. The amount in controversy of this action exceeds the sum of $50,000, exclusive of interest and costs, computed on the basis of all claims to be determined in this lawsuit. Plaintiffs, individually and on behalf of the other Class members, seek all damages permitted by law, including diminution in value of their vehicles, in an amount to be proven at trial. In addition, pursuant to 15 U.S.C. § 2310(d)(2), Plaintiffs and the other Class members are entitled to recover a sum equal to the aggregate amount of costs and expenses (including attorneys' fees based on actual time expended) determined by the Court to have reasonably been incurred by Plaintiffs and the other Class members in connection with the commencement and prosecution of this action.

863. Further, Plaintiffs and the Class are also entitled to equitable relief under 15 U.S.C. § 2310(d)(1). Based on New GM's continuing failures to fix the known dangerous defects, Plaintiffs seek a declaration that New GM has not adequately implemented its recall commitments and requirements and general commitments to fix its failed processes, and injunctive relief in the form of judicial supervision over the recall process is warranted. Plaintiffs also seek the establishment of the New GM-funded program for Plaintiffs and Class members to recover out of pocket costs incurred, as discussed in Paragraphs __ above.

864. Plaintiffs also request, as a form of equitable monetary relief, re-payment of the out-of-pocket expenses and costs they have incurred in attempting to rectify the Ignition Switch Defects in their vehicles. Such expenses and losses will continue as Plaintiffs and Class members must take time off from work, pay for rental cars or other transportation

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 293 of 337

arrangements, child care, and the myriad expenses involved in going through the recall process.

865. The right of Class members to recover these expenses as an equitable matter to put them in the place they would have been but for Old and New GM's conduct presents common questions of law. Equity and fairness requires the establishment by Court decree and administration under Court supervision of a program funded by New GM, using transparent, consistent, and reasonable protocols, under which such claims can be made and paid.

SECOND CLAIM FOR RELIEF
ON BEHALF OF THE NATIONWIDE CLASS

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(MICH. COMP. LAWS § 440.2314)

866. This claim is brought on behalf of the Nationwide Class for breach of implied warranty under Michigan law.

867. Old GM and New GM were merchants with respect to motor vehicles within the meaning of MICH. COMP. LAWS § 440.2314(1).

868. Under MICH. COMP. LAWS § 440.2314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when Michigan Class members purchased their Defective Vehicles.

869. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

870. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and

communications sent by the Michigan Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

871. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Michigan Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

872. The Michigan Class also seeks available equitable and/or injunctive relief. Based on New GM's continuing failures to fix the known dangerous defects, the Michigan Class seeks a declaration that New GM has not adequately implemented its recall commitments and requirements and general commitments to fix its failed processes, and injunctive relief in the form of judicial supervision over the recall process is warranted. The Michigan Class also seeks the establishment of a New GM-funded program for Plaintiffs and Class members to recover out of pocket costs incurred.

THIRD CLAIM FOR RELIEF
ON BEHALF OF NATIONWIDE CLASS

FRAUDULENT CONCEALMENT

873. This claim is brought on behalf of the Nationwide Class under Michigan law, or, alternatively, under the laws of the all states, as there is no material difference in the law of fraudulent concealment as applied to the claims and questions in this case.

874. Old and New GM each concealed and suppressed material facts concerning the Defective Vehicles.

875. As described above, Old GM and New GM each made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

876. The Companies each knew these representations were false when made.

877. The vehicles purchased or leased by Plaintiffs were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

878. The Companies each had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because Plaintiffs relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

879. The aforementioned concealment was material, because if it had been disclosed Plaintiffs would not have bought, leased or retained their vehicles.

880. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies each knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies each intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

881. Plaintiffs relied on the Companies' reputation-along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurances that their vehicles were safe and reliable and other similar false statements-in purchasing, leasing or retaining the Defective Vehicles.

882. However, Old and New GM each concealed and suppressed material facts concerning the culture of Old and New GM-a culture that emphasized cost-cutting, avoidance of dealing with safety issues and a shoddy design process.

883. Further, Old and then New GM each had a duty to disclose the true facts about the Defective Vehicles because they were known and/or accessible only to Old and then New GM who had superior knowledge and access to the facts, and the facts were not known to or reasonably discoverable by Plaintiff and the Classes. As stated above, these omitted and concealed facts were material because they directly impact the safety, reliability and value of the Defective Vehicles. Whether a manufacturer's products are safe and reliable, and whether that manufacturer stands behind its products, is of material concern to a reasonable consumer.

FOURTH CLAIM FOR RELIEF
ON BEHALF OF NATIONWIDE CLASS

UNJUST ENRICHMENT

880. This claim for unjust enrichment is brought on behalf of the Nationwide Class under Michigan law, or alternatively, under the laws of all states as there is no material difference in the law of unjust enrichment as it applies to the claims and questions in this case.

881. New GM has received and retained a benefit from the Plaintiffs and the Nationwide Class, and inequity has resulted.

882. New GM benefitted from acquiring the assets and goodwill of Old GM, and avoiding and delaying the effort and expenditures involved in recalling and repairing the Defective Vehicles; while Plaintiffs, who originally overpaid for their Old GM cars, have been forced to pay additional out-of-pocket costs and incur additional expense and losses in connection with the belated recalls.

883. It is inequitable for New GM to retain the benefits of its misconduct.

884. As a result of New GM's conduct, the amount of New GM's unjust enrichment should be disgorged, in an amount according to proof.

II. STATE CLASS CLAIMS

ALABAMA

FIFTH CLAIM FOR RELIEF

VIOLATION OF ALABAMA DECEPTIVE TRADE PRACTICES ACT (ALA. CODE § 8-19-1, *et. seq.*)

885. The Class Members who are Alabama residents (the "Alabama Class") are "consumers" within the meaning of ALA. CODE §8-19-3(2).

886. The Alabama Class, Old GM, and New GM are "persons" within the meaning of ALA. CODE §8-19-3(5).

887. The Defective Vehicles are "goods" within the meaning of ALA. CODE §8-19-3(3).

888. The Companies were engaged in "trade or commerce" within the meaning of ALA. CODE §8-19-3(8).

889. The Alabama Deceptive Trade Practices Act ("Alabama DTPA") declares several specific actions to be unlawful, including: "(5) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or qualities that they do not have," "(7) Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another," and "(27) Engaging in any other unconscionable, false, misleading, or deceptive act or practice in the conduct of trade or commerce." ALA. CODE § 8-19-5. By failing to disclose and actively concealing the dangerous risk of ignition switch movement, engine shutdown, and airbag disabling in Defective Vehicles, New GM engaged in deceptive business practices prohibited

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 298 of 337

by the Alabama DTPA, including: representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Class Vehicles are of a particular standard, quality, and grade when they are not; advertising Defective Vehicles with the intent not to sell or lease them as advertised; representing that the subject of a transaction involving Defective Vehicles has been supplied in accordance with a previous representation when it has not; and engaging in any other unconscionable, false, misleading, or deceptive act or practice in the conduct of trade or commerce.

890. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Alabama DTPA, and also has successor liability for the violations of Old GM.

891. As alleged above, both Companies knew of the ignition switch defects, while the Alabama Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

892. The Companies knew or should have known that their conduct violated the Alabama DTPA.

893. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

894. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

895. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

896. The Companies each owed the Alabama Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Alabama Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Alabama Class that contradicted these representations.

897. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Alabama Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

898. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Alabama Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Alabama Class.

899. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Alabama Class. Had the Alabama Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

900. All members of the Alabama Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Alabama Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Alabama Class own vehicles that are not safe.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 291 of 337

901. The Alabama Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

902. The Alabama Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Alabama DTPA, and these violations present a continuing risk to the Alabama Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

903. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

904. As a direct and proximate result of the Companies' violations of the Alabama DTPA, the Alabama Class have suffered injury-in-fact and/or actual damage.

905. Pursuant to ALA. CODE § 8-19-10, the Alabama Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $100 for each Alabama Class Member.

906. The Alabama Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the ALA. CODE §8-19-1, *et. seq.*

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 292 of 337

907. Alabama Plaintiffs have complied with the notice requirement set forth in Alabama Code § 8-19-10 by virtue of the notice previously provided in the context of the underlying action styled *Forbes, et al. v. GM*, 2:14-cv-02018-GP (E.D. Pa.) and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

SIXTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

908. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of the Alabama Class.

909. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

910. The Companies knew these representations were false when made.

911. The vehicles purchased or leased by the Alabama Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

912. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Alabama Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

913. The aforementioned concealment was material, because if it had been disclosed the Alabama Class would not have bought, leased or retained their vehicles.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 293 of 337

914. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

915. The Alabama Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

916. As a result of their reliance, the Alabama Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

917. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Alabama Class. The Alabama Class is therefore entitled to an award of punitive damages.

ALASKA

SEVENTH CLAIM FOR RELIEF

VIOLATION OF THE ALASKA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION ACT (ALASKA STAT. ANN. § 45.50.471, *et. seq.*)

918. This claim is brought on behalf of Class members who are Alaska residents (the "Alaska Class").

919. The Alaska Unfair Trade Practices And Consumer Protection Act ("Alaska CPA") declares unfair methods of competition and unfair or deceptive acts or practices in the

conduct of trade or commerce unlawful, including: "(4) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;" "(6) representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;" "(8) advertising goods or services with intent not to sell them as advertised;" or "(12) using or employing deception, fraud, false pretense, false promise, misrepresentation, or knowingly concealing, suppressing, or omitting a material fact with intent that others rely upon the concealment, suppression or omission in connection with the sale or advertisement of goods or services whether or not a person has in fact been misled, deceived or damaged." ALASKA STAT. ANN. § 45.50.471.

920. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein. Old GM and New GM also engaged in unlawful trade practices by representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that the Defective Vehicles are of a particular standard and quality when they are not; advertising the Defective Vehicles with the intent not to sell them as advertised; and omitting material facts in describing the Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Alaska CPA, and also has successor liability for the violations of Old GM.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 295 of 337

921. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

922. The Companies knew or should have known that their conduct violated the Alaska CPA.

923. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

924. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

925. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

926. The Companies each owed the Alaska Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 296 of 337

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Alaska Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Alaska Class that contradicted these representations.

927. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Alaska Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

928. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Alaska Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Alaska Class.

929. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Alaska Class. Had the Alaska Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

930. All members of the Alaska Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Alaska Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the

Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Alaska Class own vehicles that are not safe.

931. The Alaska Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

932. The Alaska Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Alaska CPA, and these violations present a continuing risk to the Alaska Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

933. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

934. As a direct and proximate result of the Companies' violations of the Alaska CPA, the Alaska Class has suffered injury-in-fact and/or actual damage.

935. Pursuant to ALASKA STAT. ANN. § 45.50. 535(b)(1), the Alaska Class seek monetary relief against New GM measured as the greater of (a) three times the actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $500 for each Alaska Class member.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 298 of 337

936. The Alaska Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the Alaska CPA.

937. On October 12, 2014, Plaintiffs sent a notice letter complying with Alaska Stat. § 45.50.535. Plaintiffs presently do not claim the damages relief asserted in this Complaint under the Alaska CPA until and unless New GM fails to remedy its unlawful conduct towards the class within the requisite time period, after which Plaintiffs seek all damages and relief to which Plaintiffs and the Alaska Class are entitled

EIGHTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (ALASKA STAT. § 45.02.314)

938. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of the Alaska Class members.

939. Old GM was a merchant with respect to motor vehicles within the meaning of ALASKA STAT. § 45.02.104(a).

940. Under ALASKA STAT. § 45.02.314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Alaska Class purchased their Defective Vehicles.

941. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the nondeployment of airbags in the event of a collision.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 299 of 337

942. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Alaska Class before or within a reasonable amount of time after GM issued the recall and the allegations of vehicle defects became public.

943. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Alaska Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

NINTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

944. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of the Alaska Class members.

945. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

946. The Companies knew these representations were false when made.

947. The vehicles purchased or leased by the Alaska Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

948. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Alaska Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

949. The aforementioned concealment was material, because if it had been disclosed the Alaska Class would not have bought, leased or retained their vehicles.

950. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

951. The Alaska Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

952. As a result of their reliance, the Alaska Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

953. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Alaska Class. The Alaska Class are therefore entitled to an award of punitive damages.

ARIZONA

TENTH CLAIM FOR RELIEF

VIOLATIONS OF THE CONSUMER FRAUD ACT
(ARIZONA REV. STAT. § 44-1521, *et. seq.*)

954. This claim is brought on behalf of Class members who are Arizona residents (the "Arizona Class").

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 301 of 337

955. The Companies, and the Arizona Class, are "persons" within the meaning of the Arizona Consumer Fraud Act ("Arizona CFA"), ARIZ. REV. STAT. § 44-1521(6).

956. The Defective Vehicles are "merchandise" within the meaning of ARIZ. REV. STAT. § 44-1521(5).

957. The Arizona CFA provides that "[t]he act, use or employment by any person of any deception, deceptive act or practice, fraud,. . . misrepresentation, or concealment, suppression or omission of any material fact with intent that others rely on such concealment, suppression or omission, in connection with the sale . . . of any merchandise whether or not any person has in fact been misled, deceived or damaged thereby, is declared to be an unlawful practice." ARIZ. REV. STAT. § 44-1522(A).

958. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Arizona CFA, and also has successor liability for the violations of Old GM.

959. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/03/14 Page 302 of 337

960. The Companies knew or should have known that their conduct violated the Arizona CFA.

961. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

962. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

963. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

964. The Companies each owed the Arizona Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Arizona Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Arizona Class that contradicted these representations.

965. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Arizona Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

966. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Arizona Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Arizona Class.

967. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Arizona Class. Had the Arizona Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

968. All members of the Arizona Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Arizona Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Arizona Class own vehicles that are not safe.

969. The Arizona Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

970. The Arizona Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Arizona CFA, and these violations present a continuing risk to the Arizona Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

971. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

972. As a direct and proximate result of the Companies' violations of the Arizona CFA, the Arizona Class has suffered injury-in-fact and/or actual damage.

973. The Arizona Class seeks monetary relief against New GM in an amount to be determined at trial. The Arizona Class also seeks punitive damages because the Companies engaged in aggravated and outrageous conduct with an evil mind.

974. The Arizona Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the Arizona CFA.

ELEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

975. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of the Arizona Class.

976. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

977. The Companies knew these representations were false when made.

978. The vehicles purchased or leased by the Arizona Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

979. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Arizona Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

980. The aforementioned concealment was material, because if it had been disclosed the Arizona Class would not have bought, leased or retained their vehicles.

981. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

982. The Arizona Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

983. As a result of their reliance, the Arizona Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

984. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Arizona Class. The Arizona Class are therefore entitled to an award of punitive damages.

ARKANSAS

TWELFTH CLAIM FOR RELIEF

VIOLATIONS OF THE DECEPTIVE TRADE PRACTICE ACT (ARK. CODE ANN. § 4-88-101, *et. seq.*)

985. This claim is brought on behalf of Class members who are Arkansas residents (the "Arkansas Class").

986. The Companies, and the Arkansas Class, are "persons" within the meaning of Arkansas Deceptive Trade Practices Act ("Arkansas DTPA"), ARK. CODE ANN. § 4-88-102(5).

987. The Class Vehicles are "goods" within the meaning of ARK. CODE ANN. § 4-88-102(4).

988. The Arkansas DTPA prohibits "[d]eceptive and unconscionable trade practices," which include but are not limited to a list of enumerated items, including "[e]ngaging in any other unconscionable, false, or deceptive act or practice in business, commerce, or trade[.]" ARK. CODE ANN. § 4-88-107(a)(10). The Arkansas DTPA also prohibits the following when

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 307 of 337

utilized in connection with the sale or advertisement of any goods: "(1) The act, use, or employment by any person of any deception, fraud, or false pretense; or (2) The concealment, suppression, or omission of any material fact with intent that others rely upon the concealment, suppression, or omission." ARK. CODE ANN. § 4-88-108. The Companies violated the Arkansas DTPA and engaged in deceptive and unconscionable trade practices by failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles.

989. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

990. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Arkansas DTPA, and also has successor liability for the violations of Old GM.

991. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 308 of 337

992. The Companies knew or should have known that their conduct violated the Arkansas DTPA.

993. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

994. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

995. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

996. The Companies each owed the Arkansas Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Arkansas Class; and/or

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 309 of 337

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Arkansas Class that contradicted these representations.

997. The Defective Vehicles posed and/or posed an unreasonable risk of death or serious bodily injury to the Arkansas Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

998. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Arkansas Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Arkansas Class.

999. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Arkansas Class. Had the Arkansas Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1000. The Arkansas Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Arkansas Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Arkansas Class own vehicles that are not safe.

1001. The Arkansas Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1002. The Arkansas Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Arkansas DTPA, and these violations present a continuing risk to the Arkansas Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1003. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1004. As a direct and proximate result of the Companies' violations of the Arkansas DTPA, the Arkansas Class have suffered injury-in-fact and/or actual damage.

1005. The Arkansas Class seeks monetary relief against New GM in an amount to be determined at trial. The Arkansas Class also seeks punitive damages because the Companies acted wantonly in causing the injury or with such a conscious indifference to the consequences that malice may be inferred.

1006. The Arkansas Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the Arkansas DTPA.

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 311 of 337

THIRTEENTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (ARK. CODE ANN. § 4-2-314)

1007. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of the Arkansas Class.

1008. Old GM was a merchant with respect to motor vehicles within the meaning of ARK. CODE ANN. § 4-2-104(1).

1009. Under ARK. CODE ANN. § 4-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Arkansas Class purchased their Defective Vehicles.

1010. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the nondeployment of airbags in the event of a collision.

1011. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Arkansas Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1012. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Arkansas Class have been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 312 of 337

FOURTEENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1013. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of Class members who are Arkansas residents.

1014. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1015. The Companies knew these representations were false when made.

1016. The vehicles purchased or leased by the Arkansas Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1017. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Arkansas Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1018. The aforementioned concealment was material, because if it had been disclosed the Arkansas Class would not have bought, leased or retained their vehicles.

1019. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1020. The Arkansas Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1021. As a result of their reliance, the Arkansas Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1022. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Arkansas Class. The Arkansas Class are therefore entitled to an award of punitive damages.

CALIFORNIA

FIFTEENTH CLAIM FOR RELIEF

VIOLATIONS OF THE CONSUMER LEGAL REMEDIES ACT (CAL. CIV. CODE § 1750, *et. seq.*)

1023. This claim is brought on behalf of Class members who are California residents (the "California Class").

1024. New GM is a "person" under CAL. CIV. CODE § 1761(c).

1025. The California Class are "consumers," as defined by CAL. CIVIL CODE § 1761(d), who purchased or leased one or more Defective Vehicles.

1026. The California Legal Remedies Act ("CLRA") prohibits "unfair or deceptive acts or practices undertaken by any person in a transaction intended to result or which results in the sale or lease of goods or services to any consumer[.]" CAL. CIV. CODE § 1770(a). Old GM and New GM have engaged in unfair or deceptive acts or practices that violated CAL. CIV. CODE § 1750, *et. seq.*, as described above and below, by among other things, representing that

Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard, quality, and grade when they are not; advertising Defective Vehicles with the intent not to sell or lease them as advertised; and representing that the subject of a transaction involving Defective Vehicles has been supplied in accordance with a previous representation when it has not.

1027. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the CLRA, and also has successor liability for the violations of Old GM.

1028. As alleged above, both Companies knew of the ignition switch defects, while the California Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1029. The Companies knew or should have known that their conduct violated the CLRA.

1030. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 315 of 337

1031. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1032. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1033. The Companies each owed the California Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the California Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the California Class that contradicted these representations.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 316 of 337

1034. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the California Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1035. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the California Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the California Class.

1036. New GM has also violated the CLRA by violating the TREAD Act, 49 U.S.C. §§ 30101, *et. seq.*, and its accompanying regulations. Under the TREAD Act and its regulations, if a manufacturer learns that a vehicle contains a defect and that defect is related to motor vehicle safety, the manufacturer must disclose the defect. 49 U.S.C. § 30118(c)(1) & (2).

1037. In acquiring Old GM, New GM expressly assumed the obligations to make all required disclosures under the TREAD Act with respect to all Defective Vehicles. New GM also has successor liability for the deceptive and unfair acts and omissions of Old GM.

1038. Under the TREAD Act, if it is determined that the vehicle is defective, the manufacturer must promptly notify vehicle owners, purchasers and dealers of the defect and remedy the defect. 49 U.S.C. § 30118(b)(2)(A) & (B).

1039. Under the TREAD Act, manufacturers must also file a report with NHTSA within five working days of discovering "a defect in a vehicle or item of equipment has been determined to be safety related, or a noncompliance with a motor vehicle safety standard has been determined to exist." 49 C.F.R. § 573.6(a) & (b). At a minimum, the report to NHTSA must include: the manufacturer's name; the identification of the vehicles or equipment containing the defect, including the make, line, model year and years of manufacturing; a description of the basis for determining the recall population; how those vehicles differ from similar vehicles that the manufacturer excluded from the recall; and a description of the defect. 49 C.F.R. § 276.6(b), (c)(1), (c)(2), & (c)(5).

1040. The manufacturer must also promptly inform NHTSA regarding: the total number of vehicles or equipment potentially containing the defect; the percentage of vehicles estimated to contain the defect; a chronology of all principal events that were the basis for the determination that the defect related to motor vehicle safety, including a summary of all warranty claims, field or service reports, and other information, with its dates of receipt; and a description of the plan to remedy the defect. 49 C.F.R. § 276.6(b) & (c).

1041. The TREAD Act provides that any manufacturer who violates 49 U.S.C. § 30166 must pay a civil penalty to the U.S. Government. The current penalty "is $7,000 per violation per day," and the maximum penalty "for a related series of daily violations is $17,350,000." 49 C.F.R. § 578.6(c).

1042. From at least 2001, Old GM had knowledge of the ignition switch defect, but hid the problem for the remainder of its existence until 2009.

1043. From the date of its inception on July 5, 2009, New GM knew of the ignition switch problem both because of the knowledge of Old GM personnel who remained at New GM and continuous reports and internal investigation right up until the present.

1044. New GM admits the defect in the ignition switch has been linked to at least 13 accident-related fatalities. But other sources have reported that hundreds of deaths and serious injuries are linked to the faulty ignition switches.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 318 of 337

1045. Despite being aware of the ignition switch defects ever since its creation on July 5, 2009, New GM waited until February 7, 2014, before finally sending a letter to NHTSA confessing its knowledge of the ignition switch defects which could cause the vehicles to lose power, and in turn cause the airbags not to deploy. New GM initially identified two vehicle models, along with the corresponding model years, affected by the defect—the 2005-2007 Chevrolet Cobalt and the 2007 Pontiac G5. On February 25, 2014, New GM amended its letter to include four additional vehicles, the 2006-2007 Chevrolet HHR, 2006-2007 Pontiac Solstice, 2003-2007 Saturn Ion, and the 2007 Saturn Sky. In late March 2014, New GM added later model-year Ions and Cobalts (through 2010), HHRs through 2011, and Skys through 2010.

1046. By failing to disclose and by actively concealing the ignition switch defect, and by selling vehicles while violating the TREAD Act and through its other conduct as alleged herein, Old GM and New GM both engaged in deceptive business practices prohibited by the CLRA, CAL. CIV. CODE § 1750, *et. seq.*

1047. Both Old GM and New GM failed for many years to inform NHTSA about known defects in the Defective Vehicles' ignition system. Consequently, the public, including the California Class, received no notice of the ignition switch defects, that the defect could disable multiple electrical functions including power steering and power brakes, or that the defect could cause the airbags not to deploy in an accident.

1048. Old GM and then New GM knew that the ignition switch had a defect that could cause a vehicle's engine to lose power without warning, and that when the engine lost power there was a risk that electrical functions would fail and that the airbags would not

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 319 of 337

deploy. Yet Old GM and New GM failed to inform NHTSA or warn the California Class or the public about these inherent dangers despite having a duty to do so.

1049. New GM owed the California Class a duty to comply with the TREAD Act and disclose the defective nature of the Defective Vehicles, including the ignition switch defect and accompanying loss of power and failure of the airbags to deploy, because New GM:

a. Possessed exclusive knowledge of the ignition switch defects rendering the Defective Vehicles inherently more dangerous and unreliable than otherwise similar vehicles; and

b. Intentionally concealed the hazardous situation with the Defective Vehicles by failing to comply with the TREAD Act, which required the disclosure of the ignition switch defects.

1050. Defective Vehicles equipped with the faulty ignition switch posed and/or pose an unreasonable risk of death or serious bodily injury to the California Class, passengers, other motorists, and pedestrians, because they are susceptible to sudden loss of power resulting in the loss of power steering and power brakes and failure of the airbags to deploy.

1051. Old GM and New GM's unfair or deceptive acts or practices were likely to and did in fact deceive reasonable consumers, including the California Class, about the true safety and reliability of the Defective Vehicles.

1052. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the California Class. Had the California Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1053. All members of the California Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The California Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the California Class own vehicles that are not safe.

1054. The California Class has been proximately and directly damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of the Companies' failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1055. The California Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the CLRA, and these violations present a continuing risk to the California Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1056. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles. Moreover, notwithstanding its obligations under the TREAD Act and the CLRA, New GM has not yet disclosed that the low placement of the ignition column and the fact that the airbags shut off as soon as the key hits the "accessory" or "off" position are also defects. This failure to disclose continues to pose a grave risk to the California Class.

1057. As a direct and proximate result of the Companies' violations of the CLRA, and the California Class have suffered injury-in-fact and/or actual damage.

1058. Under CAL. CIV. CODE § 1780(a), the California Class seeks monetary relief against New GM measured as the diminution of the value of their vehicles caused by Old GM's and New GM's violations of the CLRA as alleged herein.

1059. Under CAL. CIV. CODE § 1780(b), the California Class seeks an additional award against New GM of up to $5,000 for each California Class member who qualifies as a "senior citizen" or "disabled person" under the CLRA. Old GM and New GM knew or should have known that their conduct was directed to one or more Class members who are senior citizens or disabled persons. Old GM's and New GM's conduct caused one or more of these senior citizens or disabled persons to suffer a substantial loss of property set aside for retirement or for personal or family care and maintenance, or assets essential to the health or welfare of the senior citizen or disabled person. One or more California Class members who are senior citizens or disabled persons are substantially more vulnerable to Old GM's and New GM's conduct because of age, poor health or infirmity, impaired understanding, restricted mobility, or disability, and each of them suffered substantial physical, emotional, or economic damage resulting from Old GM's and New GM's conduct.

1060. The California Class also seeks punitive damages against New GM because it carried out reprehensible conduct with willful and conscious disregard of the rights and safety of others, subjecting the Class to potential cruel and unjust hardship as a result. First Old GM

Case 1:14-md-02543-JMF Document 379-1 Filed 10/14/14 Page 322 of 337

and then New GM intentionally and willfully concealed and failed to inform NHTSA of the unsafe and unreliable Defective Vehicles, deceived the California Class on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations problem of correcting a deadly flaw in the Defective Vehicles. New GM's unlawful conduct constitutes malice, oppression, and fraud warranting punitive damages under CAL. CIV. CODE § 3294.

1061. The California Class further seeks an order enjoining New GM's unfair or deceptive acts or practices, restitution, punitive damages, costs of court, attorneys' fees under CAL. CIV. CODE § 1780(e), and any other just and proper relief available under the CLRA.

1062. California Plaintiffs have complied with the notice requirement set forth in CAL. CIV. CODE § 1780(b) by virtue of the notice previously provided in the context of the underlying action styled *Ramirez, et al. v. GM*, 2:14-cv-02344-JVS-AN (C.D. Cal.), and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

SIXTEENTH CLAIM FOR RELIEF

VIOLATION OF THE CALIFORNIA UNFAIR COMPETITION LAW
(CAL. BUS. & PROF. CODE § 17200, *et. seq.*)
(Asserted on Behalf of the California Class)

1063. This Claim for Relief is brought by the California Class.

1064. California Business and Professions Code § 17200 prohibits acts of "unfair competition," including any "unlawful, unfair or fraudulent business act or practice" and "unfair, deceptive, untrue or misleading advertising. . . ." The Companies engaged in conduct that violated each of this statute's three prongs.

1065. The Companies committed an unlawful business act or practice in violation of § 17200 by their violations of the Consumer Legal Remedies Act, Cal. Civ. Code § 1750, *et. seq.*, as set forth above, by the acts and practices set forth in this Complaint.

1066. New GM has also violated the unlawful prong because it has engaged in violations of National Traffic and Motor Vehicle Safety Act of 1996, codified at 49 U.S.C. § 30101, *et. seq.*, and its regulations.

1067. Federal Motor Vehicle Safety Standard ("FMVSS") 573 governs a motor vehicle manufacturer's responsibility to notify the NHTSA of a motor vehicle defect within five days of determining that a defect in a vehicle has been determined to be safety-related. *See* 49 C.F.R. § 573.6.

1068. Defendant violated the reporting requirements of FMVSS 573 requirement by failing to report the Ignition Switch Defect or any of the other Defects within five days of determining the defect existed, and failing to recall all affected vehicles.

1069. Defendant violated the common-law claim of negligent failure to recall, in that New GM knew or should have known that the Defective Vehicles were dangerous and/or were likely to be dangerous when used in a reasonably foreseeable manner; New GM became aware of the attendant risks after the Defective Vehicles were sold; New GM continued to gain information further corroborating the Ignition Switch Defects; and New GM failed to adequately recall the Defective Vehicles in a timely manner, which failure was a substantial factor in causing the California Class harm, including diminished value and out-of-pocket costs.

1070. Defendant committed unfair business acts and practices in violation of § 17200 when it concealed the existence and nature of the Ignition Switch Defect and the other Defects

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 324 of 337

and represented that the Class Vehicles were reliable and safe when, in fact, they are not. The Ignition Switch Defect and the other Defects present safety hazards for occupants of the Class Vehicles.

1071. New GM also violated the unfairness prong of § 17200 by failing to properly administer the numerous recalls of Defendant's vehicles for the Initiation Switch Defect and the other Defects. As alleged above, the recalls have proceeded unreasonably slowly in light of the safety-related nature of the Defects, and have been plagued with shortages of replacement parts as well as a paucity of loaner vehicles available for Class Members whose Vehicles are in the process of being repaired. Even worse, many consumers continue to experience safety problems with the Defective Vehicles, even after the defective parts have been replaced pursuant to the recalls.

1072. Defendant violated the fraudulent prong of § 17200 because the misrepresentations and omissions regarding the safety and reliability of their vehicles as set forth in this Complaint were likely to deceive a reasonable consumer, and the information would be material to a reasonable consumer.

1073. Defendant committed fraudulent business acts and practices in violation of § 17200 when they concealed the existence and nature of the Ignition Switch Defect and the other Defects, while representing in their marketing, advertising, and other broadly disseminated representations that the Class Vehicles were reliable and safe when, in fact, they are not. Defendant's representations and active concealment of the Defect are likely to mislead the public with regard to the true defective nature of the Class Vehicles.

1074. Defendant has violated the unfair prong of § 17200 because the acts and practices set forth in the Complaint, including the manufacture and sale of vehicles with the

Ignition Switch Defect that unintentionally shifts from the “run” position to the “accessory” or “off” position causing loss of electrical power and turning off the engine, and Defendant’s failure to adequately investigate, disclose and remedy, offend established public policy, and because the harm they cause to consumers greatly outweighs any benefits associated with those practices. Defendant’s conduct has also impaired competition within the automotive vehicles market and has prevented the California Class from making fully informed decisions about whether to purchase or lease Class Vehicles and/or the price to be paid to purchase or lease Class Vehicles.

1075. The California Class has suffered injuries in fact, including the loss of money or property, as a result of Defendant’s unfair, unlawful, and/or deceptive practices. As set forth in the allegations concerning each California Class member, in purchasing or leasing their vehicles, the California Class relied on the misrepresentations and/or omissions of Defendant with respect of the safety and reliability of the vehicles. Defendant’s representations turned out not to be true. Had the California Class known this they would not have purchased or leased their Class Vehicles and/or paid as much for them.

1076. All of the wrongful conduct alleged herein occurred, and continues to occur, in the conduct of Defendant’s businesses. Defendant’s wrongful conduct is part of a pattern or generalized course of conduct that is still perpetuated and repeated, both in the State of California and nationwide.

1077. As a direct and proximate result of Defendant’s unfair and deceptive practices, the California Class Members have suffered and will continue to suffer actual damages.

1078. The California Class requests that this Court enter such orders or judgments as may be necessary to enjoin New GM from continuing its unfair, unlawful, and/or deceptive practices, as provided in Cal. Bus. & Prof. Code § 17203; and for such other relief set forth below.

1079. The California Class also requests equitable and injunctive relief in the form of Court supervision of New GM's numerous recalls of the various Class Vehicles, to ensure that all affected vehicles are recalled and that the recalls properly and adequately cure the Ignition Switch Defect and the other Defects.

SEVENTEENTH CLAIM FOR RELIEF

VIOLATION OF SONG-BEVERLY CONSUMER WARRANTY ACT FOR BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (CALIFORNIA "LEMON LAW") (CAL. CIV. CODE §§ 1791.1 & 1792)

1080. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the California Class.

1081. The California Class members who purchased or leased the Defective Vehicles in California are "buyers" within the meaning of CAL. CIV. CODE § 1791(b).

1082. The Defective Vehicles are "consumer goods" within the meaning of CIV. CODE § 1791(a).

1083. Old GM was a "manufacturer" of the Defective Vehicles within the meaning of CAL. CIV. CODE § 1791(j), and, in purchasing Old GM, New GM expressly assumed liability and responsibility for "payment of all [Old GM's] Liabilities arising under…Lemon Laws," including California's Lemon Law, the Song-Beverly Act.

1084. Old GM and New GM impliedly warranted to the California Class that its Defective Vehicles were "merchantable" within the meaning of CAL. CIV. CODE §§ 1791.1(a) & 1792; however, the Defective Vehicles do not have the quality that a buyer would reasonably expect, and were therefore not merchantable.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/14/14 Page 327 of 337

1085. CAL. CIV. CODE § 1791.1(a) states:

> "Implied warranty of merchantability" or "implied warranty that goods are merchantable" means that the consumer goods meet each of the following:
>
> (1) Pass without objection in the trade under the contract description.
>
> (2) Are fit for the ordinary purposes for which such goods are used.
>
> (3) Are adequately contained, packaged, and labeled.
>
> (4) Conform to the promises or affirmations of fact made on the container or label.

1086. The Defective Vehicles would not pass without objection in the automotive trade because of the ignition switch defects that cause the Defective Vehicles to inadvertently shut down during ordinary driving conditions, leading to an unreasonable likelihood of accident and an unreasonable likelihood that such accidents would cause serious bodily harm or death to vehicle occupants.

1087. Because of the ignition switch defects, the Defective Vehicles are not safe to drive and thus not fit for ordinary purposes.

1088. The Defective Vehicles are not adequately labeled because the labeling fails to disclose the ignition switch defects and does not advise Class members to avoid attaching anything to their vehicle key rings. Old GM and New GM failed to warn about the dangerous safety defects in the Defective Vehicles.

1089. Old GM and New GM breached the implied warranty of merchantability by manufacturing and selling Defective Vehicles containing defects leading to the sudden and unintended shut down of the vehicles during ordinary driving conditions. These defects have

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 328 of 337

deprived the California Class of the benefit of their bargain and have caused the Defective Vehicles to depreciate in value.

1090. Notice of breach is not required because the California Class members did not purchase their automobiles directly from New GM.

1091. As a direct and proximate result of Old GM and New GM's breach of their duties under California's Lemon Law (for which New GM expressly assumed liability), the California Class members received goods whose dangerous condition substantially impairs their value to the California Class members. The California Class has been damaged by the diminished value of the vehicles, the products' malfunctioning, and the non-use of their Defective Vehicles.

1092. Under CAL. CIV. CODE §§ 1791.1(d) & 1794, the California Class members are entitled to damages and other legal and equitable relief including, at their election, the purchase price of their Defective Vehicles, or the overpayment or diminution in value of their Defective Vehicles.

1093. Under CAL. CIV. CODE § 1794, the California Class members are entitled to costs and attorneys' fees.

EIGHTEENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1094. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought only on behalf of the California Class.

1095. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1096. The Companies knew these representations were false when made.

1097. The vehicles purchased or leased by the California Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1098. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the California Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1099. The aforementioned concealment was material, because if it had been disclosed the California Class would not have bought, leased or retained their vehicles.

1100. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1101. The California Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1102. As a result of their reliance, the California Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1103. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the California Class. The California Class are therefore entitled to an award of punitive damages.

NINETEENTH CLAIM FOR RELIEF

VIOLATION OF CALIFORNIA'S FALSE ADVERTISING LAW
CAL. BUS. & PROF. CODE § 17500, *et. seq.*
(Asserted on Behalf of the California Class)

1104. This Claim for Relief is brought by the California Class.

1105. California Business and Professions Code § 17500 states: "It is unlawful for any… corporation… with intent directly or indirectly to dispose of real or personal property… to induce the public to enter into any obligation relating thereto, to make or disseminate or cause to be made or disseminated… from this state before the public in any state, in any newspaper or other publication, or any advertising device,… or in any other manner or means whatever, including over the Internet, any statement… which is untrue or misleading, and which is known, or which by the exercise of reasonable care should be known, to be untrue or misleading...."

1106. Defendant caused to be made or disseminated through California and the United States, through advertising, marketing and other publications, statements that were untrue or misleading, and which were known, or which by the exercise of reasonable care should have been known to the Defendant, to be untrue and misleading to consumers and the California Class.

1107. Defendant violated section 17500 because the misrepresentations and omissions regarding the safety and reliability of their vehicles as set forth in this Complaint were material and likely to deceive a reasonable consumer.

1108. The California Class Members have suffered injuries in fact, including the loss of money or property, as a result of Defendant' unfair, unlawful, and/or deceptive practices. In purchasing or leasing their vehicles, the California Class Members relied on the misrepresentations and/or omissions of Defendant with respect to the safety and reliability of their vehicles. Defendant' representations turned out not to be true. Had the California Class Members known this, they would not have purchased or leased their Class Vehicles and/or paid as much for them.

1109. Accordingly, the California Class Members overpaid for their Class Vehicles and did not receive the benefit of their bargain. One way to measure this overpayment, or lost benefit of the bargain, at the moment of purchase is by the value consumers place on the vehicles now that the truth has been exposed. Both trade-in prices and auction prices for Class Vehicles have declined as a result of Defendant' misconduct. This decline in value measures the overpayment, or lost benefit of the bargain, at the time of the California Class Members' purchases.

1110. All of the wrongful conduct alleged herein occurred, and continues to occur, in the conduct of Defendant' businesses. Defendant' wrongful conduct is part of a pattern or generalized course of conduct that is still perpetuated and repeated, both in the State of California and nationwide.

1111. The California Class requests that this Court enter such orders or judgments as may be necessary to enjoin Defendant from continuing their unfair, unlawful, and/or deceptive practices, and for such other relief set forth below.

TWENTIETH CLAIM FOR RELIEF

NEGLIGENT FAILURE TO RECALL
(Asserted on Behalf of the California Class)

1112. This claim is brought on behalf of the California Class.

1113. New GM knew or reasonably should have known that the Defective Vehicles were dangerous and/or were likely to be dangerous when used in a reasonably foreseeable manner.

1114. New GM either knew of the ignition switch-related defects in the Defective Vehicles before the vehicles were sold, or became aware of them and their attendant risks after the vehicles was sold.

1115. New GM continued to gain information further corroborating the ignition switch-related defects and their risks from its inception until this year.

1116. New GM failed to adequately recall the Defective Vehicles in a timely manner.

1117. Purchasers of the Defective Vehicles, including the California Class, were harmed by New GM's failure to adequately recall all the Defective Vehicles in a timely manner and have suffered damages, including, without limitation, damage to other components of the Defective Vehicles caused by the ignition switch-related defects, the diminished value of the Defective Vehicles, the cost of modification of the defective ignition switch systems, and the costs associated with the loss of use of the Defective Vehicles.

1118. New GM's failure to timely and adequately recall the Defective Vehicles was a substantial factor in causing the purchasers' harm, including that of the California Class.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 333 of 337

COLORADO

TWENTY-FIRST CLAIM FOR RELIEF

VIOLATIONS OF THE COLORADO CONSUMER PROTECTION ACT (COL. REV. STAT. § 6-1-101, *et. seq.*)

1119. This claim is brought on behalf of Class members who are Colorado residents (the "Colorado Class").

1120. Old GM and New GM are "persons" under § 6-1-102(6) of the Colorado Consumer Protection Act ("Colorado CPA"), COL. REV. STAT. § 6-1-101, *et. seq.*

1121. The Colorado Class members are "consumers" for purposes of COL. REV. STAT § 6-1-113(1)(a) who purchased or leased one or more Defective Vehicles.

1122. The Colorado CPA prohibits deceptive trade practices in the course of a person's business. Old GM and New GM engaged in deceptive trade practices prohibited by the Colorado CPA, including: (1) knowingly making a false representation as to the characteristics, uses, and benefits of the Defective Vehicles that had the capacity or tendency to deceive Class members; (2) representing that the Defective Vehicles are of a particular standard, quality, and grade even though both Companies knew or should have known they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; and (4) failing to disclose material information concerning the Defective Vehicles that was known to Old GM and New GM at the time of advertisement or sale with the intent to induce Class members to purchase, lease or retain the Defective Vehicles.

1123. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1124. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective

Case 1:14-md-02543-JMF Document 179-1 Filed 07/03/14 Page 334 of 337

Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Colorado CPA, and also has successor liability for the violations of Old GM.

1125. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1126. The Companies knew or should have known that their conduct violated the Colorado CPA.

1127. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1128. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1129. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 335 of 337

defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1130. The Companies each owed the Colorado Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Colorado Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Colorado Class that contradicted these representations.

1131. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Colorado Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1132. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Colorado Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Colorado Class.

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 336 of 337

1133. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Colorado Class. Had the Colorado Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1134. All members of the Colorado Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Colorado Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Colorado Class own vehicles that are not safe.

1135. The Colorado Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1136. The Colorado Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Colorado CPA, and these violations present

Case 1:14-md-02543-JMF Document 379-1 Filed 11/13/14 Page 337 of 337

a continuing risk to the Colorado Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1137. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1138. As a direct and proximate result of the Companies' violations of the Colorado CPA, the Colorado Class have suffered injury-in-fact and/or actual damage.

1139. Pursuant to COLO. REV. STAT. § 6-1-113, the Colorado Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and discretionary trebling of such damages, or (b) statutory damages in the amount of $500 for each Colorado Class Member.

1140. The Colorado Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, declaratory relief, attorneys' fees, and any other just and proper relief available under the Colorado CPA.

TWENTY-SECOND CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (COL. REV. STAT. § 4-2-314)

1141. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of Class members who are Colorado residents.

1142. Old and New GM were merchants with respect to motor vehicles within the meaning of COL. REV. STAT. § 4-2-314.

1143. Under COL. REV. STAT. § 4-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Colorado Class purchased their Defective Vehicles.

EXHIBIT A2

1144. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the nondeployment of airbags in the event of a collision.

1145. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Colorado Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1146. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Colorado Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

TWENTY-THIRD CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1147. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Colorado Class.

1148. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1149. The Companies knew these representations were false when made.

1150. The vehicles purchased or leased by the Colorado Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1151. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Colorado Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1152. The aforementioned concealment was material, because if it had been disclosed the Colorado Class would not have bought, leased or retained their vehicles.

1153. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1154. The Colorado Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1155. As a result of their reliance, the Colorado Class have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1156. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Colorado Class. The Colorado Class are therefore entitled to an award of punitive damages.

Case 1:14-md-02543-JMF Document 1579-2 Filed 11/03/15 Page 4 of 337

CONNECTICUT

TWENTY-FOURTH CLAIM FOR RELIEF

VIOLATION OF CONNECTICUT UNLAWFUL TRADE PRACTICES ACT
(CONN. GEN. STAT. § 42-110a, *et. seq.*)

1157. This claim is brought on behalf of Class members who are Connecticut residents (the "Connecticut Class").

1158. The Connecticut Unfair Trade Practices Act ("Connecticut UTPA") provides: "No person shall engage in unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce." CONN. GEN. STAT. § 42-110b(a).

1159. Old GM was, and New GM is, a "person" within the meaning of CONN. GEN. STAT. § 42-110a(3). Both Companies were engaged in in "trade" or "commerce" within the meaning of CONN. GEN. STAT. § 42-110a(4).

1160. Old GM and New GM participated in deceptive trade practices that violated the Connecticut UTPA as described herein. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Connecticut UTPA, and also has successor liability for the violations of Old GM.

1161. As alleged above, both Companies knew of the ignition switch defects, while the Connecticut Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1162. The Companies knew or should have known that their conduct violated the Connecticut UTPA.

1163. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1164. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1165. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1166. The Companies each owed the Connecticut Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Connecticut Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Connecticut Class that contradicted these representations.

1167. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Connecticut Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1168. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Connecticut Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Connecticut Class.

1169. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Connecticut Class. Had the Connecticut Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1170. All members of the Connecticut Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Connecticut Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 7 of 337

failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Connecticut Class own vehicles that are not safe.

1171. The Connecticut Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1172. The Connecticut Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Connecticut UTPA, and these violations present a continuing risk to the Connecticut Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1173. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1174. As a direct and proximate result of the Companies' violations of the Connecticut UTPA, the Connecticut Class has suffered injury-in-fact and/or actual damage.

1175. The Connecticut Class is entitled to recover their actual damages, punitive damages, and attorneys' fees pursuant to CONN. GEN. STAT. § 42-110g.

Case 1:14-md-02543-JMF Document 579-2 Filed 01/08/14 Page 3 of 337

1176. New GM and Old GM acted with a reckless indifference to another's rights or wanton or intentional violation to another's rights and otherwise engaged in conduct amounting to a particularly aggravated, deliberate disregard of the rights and safety of others.

1177. Pursuant to CONN. GEN. STAT. § 42-110g(c), the Connecticut Class will mail a copy of the complaint to Connecticut's Attorney General.

TWENTY-FIFTH CLAIM FOR RELIEF

FRAUDULENT CONCEALMENT

1178. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Connecticut Class.

1179. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1180. The Companies knew these representations were false when made.

1181. The vehicles purchased or leased by the Connecticut Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1182. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Connecticut Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1183. The aforementioned concealment was material, because if it had been disclosed the Connecticut Class would not have bought, leased or retained their vehicles.

1184. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1185. The Connecticut Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1186. As a result of their reliance, the Connecticut Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1187. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Connecticut Class. The Connecticut Class is therefore entitled to an award of punitive damages.

DELAWARE

TWENTY-SIXTH CLAIM FOR RELIEF

VIOLATION OF THE DELAWARE CONSUMER FRAUD ACT (6 DEL. CODE § 2513, *et. seq.*)

1188. This claim is brought on behalf of Class members who are Delaware residents (the "Delaware Class").

1189. New GM and Old GM are both "persons" within the meaning of 6 DEL. CODE § 2511(7).

1190. The Delaware Consumer Fraud Act ("Delaware CFA") prohibits the "act, use or employment by any person of any deception, fraud, false pretense, false promise, misrepresentation, or the concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale, lease or advertisement of any merchandise, whether or not any person has in fact been misled, deceived or damaged thereby." 6 DEL. CODE § 2513(a).

1191. Old GM and New GM participated in deceptive trade practices that violated the Delaware CFA as described herein. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Delaware CFA, and also has successor liability for the violations of Old GM.

1192. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1193. The Companies knew or should have known that their conduct violated the Delaware CFA.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 91 of 387

1194. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1195. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1196. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1197. The Companies each owed the Delaware Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Delaware Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Delaware Class that contradicted these representations.

1198. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Delaware Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1199. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Delaware Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Delaware Class.

1200. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Delaware Class. Had the Delaware Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1201. All members of the Delaware Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Delaware Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Delaware Class own vehicles that are not safe.

1202. The Delaware Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1203. The Delaware Class Members risks irreparable injury as a result of the Companies' act and omissions in violation of the Delaware CFA, and these violations present a continuing risk to the Delaware Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1204. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1205. As a direct and proximate result of the Companies' violations of the Delaware CFA, the Delaware Class have suffered injury-in-fact and/or actual damage.

1206. The Delaware Class seeks damages under the Delaware CFA for injury resulting from the direct and natural consequences of the Companies' unlawful conduct. *See, e.g.*, *Stephenson v. Capano Dev., Inc.*, 462 A.2d 1069, 1077 (Del. 1983). The Delaware Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, declaratory relief, attorneys' fees, and any other just and proper relief available under the Delaware CFA.

1207. New GM and Old GM engaged in gross, oppressive, or aggravated conduct justifying the imposition of punitive damages.

TWENTY-SEVENTH CLAIM FOR RELIEF

VIOLATION OF THE DELAWARE DECEPTIVE TRADE PRACTICES ACT (6 DEL. CODE § 2532, *et. seq.*)

1208. Old GM and New GM are "persons" within the meaning of 6 DEL. CODE § 2531(5).

1209. Delaware's Deceptive Trade Practices Act ("Delaware DTPA") prohibits a person from engaging in a "deceptive trade practice," which includes: "(5) Represent[ing] that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have, or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have"; "(7) Represent[ing] that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another"; "(9) Advertis[ing] goods or services with intent not to sell them as advertised"; or "(12) Engag[ing] in any other conduct which similarly creates a likelihood of confusion or of misunderstanding." 6 DEL. CODE § 2532.

1210. Old GM and New GM engaged in deceptive trade practices in violation of the Delaware DTPA by willfully failing to disclose and actively concealing the dangerous risk of ignition switch defects in the Defective Vehicles as described above. The Companies also engaged in deceptive trade practices in violation of the Delaware DTPA by representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that the Defective Vehicles are of a particular standard and quality when they are not; advertising the Defective Vehicles with the intent not to sell them as advertised; and otherwise engaging in conduct likely to deceive.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 95 of 337

1211. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1212. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Delaware DTPA, and also has successor liability for the violations of Old GM.

1213. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1214. The Companies knew or should have known that their conduct violated the Delaware DTPA.

1215. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1216. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/15 Page 96 of 367

shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1217. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1218. The Companies each owed the Delaware Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Delaware Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Delaware Class that contradicted these representations.

1219. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Delaware Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/08/15 Page 97 of 337

1220. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Delaware Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Delaware Class.

1221. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Delaware Class. Had the Delaware Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1222. All members of the Delaware Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Delaware Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Delaware Class own vehicles that are not safe.

1223. The Delaware Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/04/16 Page 98 of 337

no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1224. The Delaware Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Delaware DTPA, and these violations present a continuing risk to the Delaware Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1225. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1226. As a direct and proximate result of the Companies' violations of the Delaware DTPA, the Delaware Class have suffered injury-in-fact and/or actual damage.

1227. The Delaware Class seeks injunctive relief and, if awarded damages under Delaware common law or Delaware Consumer Fraud Act, treble damages pursuant to 6 DEL. CODE § 2533(c).

1228. The Delaware Class also seeks punitive damages based on the outrageousness and recklessness of the Companies' conduct and the high net worth of New GM.

TWENTY-EIGHTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (6 DEL. CODE § 2-314)

1229. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Delaware Class.

1230. Old GM and New GM were merchants with respect to motor vehicles within the meaning of 6 DEL. CODE § 2-104(1).

1231. Under 6 DEL. CODE § 2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Delaware Class purchased their Defective Vehicles.

1232. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the nondeployment of airbags in the event of a collision.

1233. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Delaware Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1234. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Delaware Class have been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

TWENTY-NINTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1235. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of Class members who are Delaware residents.

1236. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1237. The Companies knew these representations were false when made.

1238. The vehicles purchased or leased by the Delaware Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down,

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 20 of 337

with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1239. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Delaware Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1240. The aforementioned concealment was material, because if it had been disclosed the Delaware Class would not have bought, leased or retained their vehicles.

1241. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1242. The Delaware Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1243. As a result of their reliance, the Delaware Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 291 of 337

1244. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Delaware Class. The Delaware Class is therefore entitled to an award of punitive damages.

DISTRICT OF COLUMBIA

THIRTIETH CLAIM FOR RELIEF

VIOLATION OF THE CONSUMER PROTECTION PROCEDURES ACT (D.C. CODE § 28-3901, *et. seq.*)

1245. This claim is brought on behalf of Class members who are District of Columbia residents (the "District of Columbia Class").

1246. Old GM and New GM are "persons" under the Consumer Protection Procedures Act ("District of Columbia CPPA"), D.C. CODE § 28-3901(a)(1).

1247. Class members are "consumers," as defined by D.C. CODE § 28-3901(1)(2), who purchased or leased one or more Defective Vehicles.

1248. Old GM's and New GM's actions as set forth herein constitute "trade practices" under D.C. CODE § 28-3901.

1249. Both Old GM and New GM participated in unfair or deceptive acts or practices that violated the District of Columbia CPPA. By failing to disclose and actively concealing the ignition switch defect in the Defective Vehicles, Old GM and New GM engaged in unfair or deceptive practices prohibited by the District of Columbia CPPA, D.C. CODE § 28-3901, *et. seq.*, including: (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular standard, quality, and grade when they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; (4) representing that the subject of a transaction involving the Defective Vehicles has been supplied in accordance with a previous

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/04/16 Page 92 of 367

representation when it has not; (5) misrepresenting as to a material fact which has a tendency to mislead; and (6) failing to state a material fact when such failure tends to mislead.

1250. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the District of Columbia CPPA, and also has successor liability for the violations of Old GM.

1251. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1252. The Companies knew or should have known that their conduct violated the District of Columbia CPPA.

1253. As alleged above, each of the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1254. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1255. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1256. The Companies each owed the District of Columbia Class an independent duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the District of Columbia Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the District of Columbia Class that contradicted these representations.

1257. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the District of Columbia Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1258. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the District of Columbia Class, about the true safety and reliability of Defective Vehicles. The Companies each intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the District of Columbia Class.

1259. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the District of Columbia Class. Had the District of Columbia Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1260. All members of the District of Columbia Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The District of Columbia Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the District of Columbia Class own vehicles that are not safe.

1261. The District of Columbia Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1262. The District of Columbia Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the District of Columbia CPPA, and these violations present a continuing risk to the District of Columbia Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1263. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1264. As a direct and proximate result of the Companies' violations of the District of Columbia CPPA, the District of Columbia Class has suffered injury-in-fact and/or actual damage.

1265. The District of Columbia Class is entitled to recover from New GM treble damages or $1,500, whichever is greater, punitive damages, reasonable attorneys' fees, and any other relief the Court deems proper, under D.C. CODE § 28-3901.

1266. The District of Columbia Class seeks punitive damages against New GM because both Old GM's and New GM's conduct evidences malice and/or egregious conduct. Old GM and New GM maliciously and egregiously misrepresented the safety and reliability of the Defective Vehicles, deceived Class members on life-or-death matters, and concealed material facts that only it knew, all to avoid the expense and public relations nightmare of correcting a deadly flaw in the Defective Vehicles it repeatedly promised Class members were

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 26 of 337

safe. Old GM's and New GM's unlawful conduct constitutes malice warranting punitive damages.

THIRTY-FIRST CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (D.C. CODE § 28:2-314)

1267. In the event that the Court declines to certify a nationwide class under Michigan law, this claim is brought solely on behalf of Class members who are District of Columbia residents.

1268. Old GM and New GM were merchants with respect to motor vehicles within the meaning of D.C. CODE § 28:2-104(1).

1269. Under D.C. CODE § 28:2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the District of Columbia Class purchased their Defective Vehicles.

1270. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the nondeployment of airbags in the event of a collision.

1271. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the District of Columbia Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/16 Page 97 of 337

1272. As a direct and proximate result of Old GM's breach of the implied warranty of merchantability, the District of Columbia Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

THIRTY-SECOND CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1273. In the event that the Court declines to certify a nationwide class under Michigan law, this claim is brought solely on behalf of the District of Columbia Class.

1274. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1275. The Companies knew these representations were false when made.

1276. The vehicles purchased or leased by the District of Columbia Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1277. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the District of Columbia Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1278. The aforementioned concealment was material, because if it had been disclosed the District of Columbia Class would not have bought, leased or retained their vehicles.

1279. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used

Case 1:14-md-02543-JMF Document 1379-2 Filed 11/14/14 Page 28 of 337

motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1280. The District of Columbia Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1281. As a result of their reliance, the District of Columbia Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1282. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the District of Columbia Class. The District of Columbia Class are therefore entitled to an award of punitive damages.

FLORIDA

THIRTY-THIRD CLAIM FOR RELIEF

VIOLATION OF FLORIDA'S UNFAIR & DECEPTIVE TRADE PRACTICES ACT (FLA. STAT. § 501.201, *et. seq.*)

1283. This claim is brought solely on behalf of Class members who are Florida residents (the "Florida Class").

1284. The Florida Class are "consumers" within the meaning of Florida Unfair and Deceptive Trade Practices Act ("FUDTPA"), FLA. STAT. § 501.203(7).

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 29 of 337

1285. The Companies engaged in "trade or commerce" within the meaning of FLA. STAT. § 501.203(8).

1286. FUDTPA prohibits "[u]nfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce.…" FLA. STAT. § 501.204(1). Old GM and New GM participated in unfair and deceptive trade practices that violated the FUDTPA as described herein.

1287. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the FUDTPA, and also has successor liability for the violations of Old GM.

1288. As alleged above, both Companies knew of the ignition switch defects, while the Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1289. The Companies knew or should have known that their conduct violated the FUDTPA.

1290. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 30 of 337

1291. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1292. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1293. The Companies each owed the Florida Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Florida Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Florida Class that contradicted these representations.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/15 Page 391 of 837

1294. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Florida Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1295. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Florida Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Florida Class.

1296. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Florida Class. Had the Florida Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1297. All members of the Florida Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Florida Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Florida Class own vehicles that are not safe.

1298. The Florida Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-

Case 1:14-md-02543-JMF Document 1579-2 Filed 07/08/15 Page 32 of 337

publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1299. The Florida Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the FUDTPA, and these violations present a continuing risk to the Florida Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1300. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1301. As a direct and proximate result of the Companies' violations of the FUDTPA, the Florida Class has suffered injury-in-fact and/or actual damage.

1302. The Florida Class are entitled to recover their actual damages under FLA. STAT. § 501.211(2) and attorneys' fees under FLA. STAT. § 501.2105(1).

1303. The Florida Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, declaratory relief, attorneys' fees, and any other just and proper relief available under the FUDTPA.

THIRTY-FOURTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1304. In the event that the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Florida Class.

1305. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1306. The Companies knew these representations were false when made.

1307. The vehicles purchased or leased by the Florida Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1308. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Florida Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1309. The aforementioned concealment was material, because if it had been disclosed the Florida Class would not have bought, leased or retained their vehicles.

1310. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1311. The Florida Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/13/15 Page 94 of 337

1312. As a result of their reliance, the Florida Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1313. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Florida Class. the Florida Class are therefore entitled to an award of punitive damages.

GEORGIA

THIRTY-FIFTH CLAIM FOR RELIEF

VIOLATION OF GEORGIA'S FAIR BUSINESS PRACTICES ACT (GA. CODE ANN. § 10-1-390, *et. seq.*)

1314. This claim is brought solely on behalf of Class members who are Georgia residents (the "Georgia Class").

1315. The Georgia Fair Business Practices Act ("Georgia FBPA") declares "[u]nfair or deceptive acts or practices in the conduct of consumer transactions and consumer acts or practices in trade or commerce" to be unlawful, GA. CODE. ANN. § 10-1-393(a), including but not limited to "(5) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have," "(7) [r]epresenting that goods or services are of a particular standard, quality, or grade… if they are of another," and "(9) [a]dvertising goods or services with intent not to sell them as advertised," GA. CODE. ANN. § 10-1-393.

1316. By failing to disclose and actively concealing the ignition switch defects in the Defective Vehicles, Old GM and New GM engaged in unfair or deceptive practices prohibited by the FBPA, including: (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular standard, quality, and grade when they are not; and (3) advertising the Defective Vehicles with the intent not to sell them as advertised. Both Old GM and New GM participated in unfair or deceptive acts or practices that violated the Georgia FBPA.

1317. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Georgia FBPA, and also has successor liability for the violations of Old GM.

1318. As alleged above, both Companies knew of the ignition switch defects, while the Georgia Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1319. The Companies knew or should have known that their conduct violated the Georgia FBPA.

1320. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1321. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/13/15 Page 36 of 337

shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1322. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1323. The Companies each owed the Georgia Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Georgia Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Georgia Class that contradicted these representations.

1324. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Georgia Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 37 of 337

1325. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Georgia Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Georgia Class.

1326. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Georgia Class. Had the Georgia Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1327. All members of the Georgia Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Georgia Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Georgia Class own vehicles that are not safe.

1328. The Georgia Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1329. The Georgia Class Members risks irreparable injury as a result of the Companies' act and omissions in violation of the Georgia FBPA, and these violations present a continuing risk to the Georgia Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1330. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1331. As a direct and proximate result of the Companies' violations of the Georgia FBPA, the Georgia Class has suffered injury-in-fact and/or actual damage.

1332. The Georgia Class is entitled to recover damages and exemplary damages (for intentional violations) per GA. CODE. ANN § 10-1-399(a).

1333. The Georgia Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the Georgia FBPA per GA. CODE. ANN § 10-1-399.

1334. Georgia Plaintiffs have complied with the notice requirement set forth in GA. CODE. ANN § 10-1-399(b) by virtue of the notice previously provided in the context of the underlying action styled *Dinco, et al. v GM*, 2:14-cv-03638-JVS-AN (C.D. Cal.), and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

THIRTY-SIXTH CLAIM FOR RELIEF

VIOLATION OF GEORGIA'S UNIFORM DECEPTIVE TRADE PRACTICES ACT (GA. CODE ANN. § 10-1-370, *et. seq.*)

1335. The Companies and the Georgia Class are "persons' within the meaning of Georgia Uniform Deceptive Trade Practices Act ("Georgia UDTPA"), GA. CODE. ANN § 10-1-371(5).

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/13/15 Page 39 of 337

1336. The Georgia UDTPA prohibits "deceptive trade practices," which include the "misrepresentation of standard or quality of goods or services," and "engaging in any other conduct which similarly creates a likelihood of confusion or of misunderstanding." GA. CODE. ANN § 10-1-372(a). By failing to disclose and actively concealing the ignition switch defects in the Defective Vehicles, Old GM and New GM engaged in deceptive trade practices prohibited by the Georgia UDTPA.

1337. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Georgia UDTPA, and also has successor liability for the violations of Old GM.

1338. As alleged above, both Companies knew of the ignition switch defects, while the Georgia Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1339. The Companies knew or should have known that their conduct violated the Georgia UDTPA.

1340. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 390 of 687

1341. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1342. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1343. The Companies each owed the Georgia Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Georgia Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Georgia Class that contradicted these representations.

1344. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to Plaintiffs, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1345. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Georgia Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Georgia Class.

1346. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Georgia Class. Had the Georgia Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1347. All members of the Georgia Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Georgia Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Georgia Class own vehicles that are not safe.

1348. The Georgia Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1349. The Georgia Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Georgia UDTPA, and these violations present a continuing risk to the Georgia Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1350. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1351. As a direct and proximate result of the Companies' violations of the Georgia UDTPA, and the Georgia Class have suffered injury-in-fact and/or actual damage.

1352. Plaintiffs seek an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the Georgia UDTPA per GA. CODE. ANN § 10-1-373.

THIRTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1353. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Georgia Class.

1354. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1355. The Companies knew these representations were false when made.

1356. The vehicles purchased or leased by the Georgia Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with

Case 1:14-md-02543-JMF Document 179-2 Filed 07/02/14 Page 93 of 287

the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1357. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Georgia Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1358. The aforementioned concealment was material, because if it had been disclosed the Georgia Class would not have bought, leased or retained their vehicles.

1359. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1360. The Georgia Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1361. As a result of their reliance, the Georgia Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/14/15 Page 94 of 337

1362. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Georgia Class. The Georgia Class is therefore entitled to an award of punitive damages.

HAWAII

THIRTY-EIGHTH CLAIM FOR RELIEF

UNFAIR AND DECEPTIVE ACTS IN VIOLATION OF HAWAII LAW (HAW. REV. STAT. § 480, *et. seq.*)

1365. This claim is brought on behalf of Class members who are Hawaii residents (the "Hawaii Class").

1366. Old GM and New GM are "persons" under HAW. REV. STAT. § 480-1.

1367. Class members are "consumer[s]" as defined by HAW. REV. STAT. § 480-1, who purchased or leased one or more Defective Vehicles.

1368. Old GM and New GM's acts or practices as set forth above occurred in the conduct of trade or commerce.

1369. The Hawaii Act § 480-2(a) prohibits "unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce.…" By failing to disclose and actively concealing the ignition switch defects in the Defective Vehicles, Old GM and New GM engaged in unfair and deceptive trade practices prohibited by the Hawaii Act.

1370. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or

Case 1:14-md-02543-JMF Document 1379-2 Filed 07/10/15 Page 395 of 387

omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Hawaii Act, and also has successor liability for the violations of Old GM.

1371. As alleged above, both Companies knew of the ignition switch defects, while the Hawaii Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1372. The Companies knew or should have known that their conduct violated the Hawaii Act.

1373. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1374. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1375. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/15 Page 96 of 387

1376. The Companies each owed the Hawaii Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Hawaii Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Hawaii Class that contradicted these representations.

1377. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Hawaii Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1378. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Hawaii Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Hawaii Class.

1379. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Hawaii Class. Had the Hawaii Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1380. All members of the Hawaii Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Hawaii Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Hawaii Class own vehicles that are not safe.

1381. The Hawaii Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1382. The Hawaii Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Hawaii Act, and these violations present a continuing risk to the Hawaii Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1383. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1384. As a direct and proximate result of the Companies' violations of the Hawaii Act, the Hawaii Class has suffered injury-in-fact and/or actual damage.

Case 1:14-md-02543-JMF Document 1579-2 Filed 11/03/15 Page 98 of 337

1385. Pursuant to HAW. REV. STAT. § 480-13, the Hawaii Class seeks monetary relief against New GM measured as the greater of (a) $1,000 and (b) threefold actual damages in an amount to be determined at trial.

1386. Under HAW. REV. STAT. § 480-13.5, the Hawaii Class seeks an additional award against New GM of up to $10,000 for each violation directed at a Hawaiian elder. Old GM and later New GM knew or should have known that their conduct was directed to one or more Class members who are elders. Old GM and New GM's conduct caused one or more of these elders to suffer a substantial loss of property set aside for retirement or for personal or family care and maintenance, or assets essential to the health or welfare of the elder. One or more Hawaii Class members who are elders are substantially more vulnerable to Old GM and New GM's conduct because of age, poor health or infirmity, impaired understanding, restricted mobility, or disability, and each of them suffered substantial physical, emotional, or economic damage resulting from Old GM and New GM's conduct.

THIRTY-NINTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY
(HAW. REV. STAT. § 490:2-314)

1387. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Hawaii residents.

1388. Old GM and New GM were merchants with respect to motor vehicles within the meaning of HAW. REV. STAT. § 490:2-104(1).

1389. Under HAW. REV. STAT. § 490:2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Hawaii Class purchased their Defective Vehicles.

Case 1:14-md-02543-JMF Document 1379-2 Filed 11/03/14 Page 399 of 387

1390. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1391. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Hawaii Class before or within a reasonable amount of time after GM issued the recall and the allegations of vehicle defects became public.

1392. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Hawaii Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

FORTIETH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1393. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Hawaii Class.

1394. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1395. The Companies knew these representations were false when made.

1396. The vehicles purchased or leased by the Hawaii Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1397. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Hawaii Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1398. The aforementioned concealment was material, because if it had been disclosed the Hawaii Class would not have bought, leased or retained their vehicles.

1399. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1400. The Hawaii Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1401. As a result of their reliance, the Hawaii Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1402. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Hawaii Class. The Hawaii Class are therefore entitled to an award of punitive damages.

IDAHO

FORTY-FIRST CLAIM FOR RELIEF

VIOLATION OF THE IDAHO CONSUMER PROTECTION ACT (IDAHO CIV. CODE § 48-601, *et. seq.*)

1403. This claim is brought on behalf of Class members who are Idaho residents (the "Idaho Class").

1404. Old GM and New GM are "persons" under the Idaho Consumer Protection Act ("Idaho CPA"), IDAHO CIV. CODE § 48-602(1).

1405. Old GM and New GM's acts or practices as set forth above occurred in the conduct of "trade" or "commerce" under IDAHO CIV. CODE § 48-602(2).

1406. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Idaho CPA. By failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Idaho CPA, including: (1) representing that the Defective Vehicles have characteristics, uses, and benefits which they do not have; (2) representing that the Defective Vehicles are of a particular standard, quality, and grade when they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; (4) engaging in acts or practices which are otherwise misleading, false, or deceptive to the consumer; and (5) engaging in any unconscionable method, act or practice in the conduct of trade or commerce. *See* IDAHO CIV. CODE § 48-603.

1407. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 52 of 337

deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Idaho CPA, and also has successor liability for the violations of Old GM.

1408. As alleged above, both Companies knew of the ignition switch defects, while the Idaho Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1409. The Companies knew or should have known that their conduct violated the Idaho CPA.

1410. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1411. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1412. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/13/15 Page 53 of 337

to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1413. The Companies each owed the Idaho Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Idaho Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Idaho Class that contradicted these representations.

1414. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Idaho Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1415. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Idaho Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Idaho Class.

1416. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Idaho Class. Had the Idaho Class known that their

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/04/15 Page 54 of 337

vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1417. All members of the Idaho Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Idaho Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Idaho Class own vehicles that are not safe.

1418. The Idaho Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1419. The Idaho Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Idaho CPA, and these violations present a continuing risk to the Idaho Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1420. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/14/15 Page 55 of 337

1421. As a direct and proximate result of the Companies' violations of the Idaho CPA, the Idaho Class has suffered injury-in-fact and/or actual damage.

1422. Pursuant to IDAHO CODE § 48-608, the Idaho Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $1,000 for each Idaho Class Member.

1423. The Idaho Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under the Idaho CPA.

1424. The Idaho Class members also seek punitive damages against New GM because both Old GM and New GM's conduct evidences an extreme deviation from reasonable standards. Old GM and New GM flagrantly, maliciously, and fraudulently misrepresented the safety and reliability of the Defective Vehicles, deceived Class members on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting a deadly flaw in the Defective Vehicles they repeatedly promised Class members were safe. Old GM and New GM's unlawful conduct constitutes malice, oppression, and fraud warranting punitive damages.

FORTY-SECOND CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1425. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Idaho Class.

1426. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1427. The Companies knew these representations were false when made.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 56 of 387

1428. The vehicles purchased or leased by the Idaho Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1429. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Idaho Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1430. The aforementioned concealment was material, because if it had been disclosed the Idaho Class would not have bought, leased or retained their vehicles.

1431. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1432. The Idaho Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 57 of 387

1433. As a result of their reliance, the Idaho Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1434. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Idaho Class. The Idaho Class is therefore entitled to an award of punitive damages.

ILLINOIS

FORTY-THIRD CLAIM FOR RELIEF

VIOLATION OF ILLINOIS CONSUMER FRAUD AND DECEPTIVE BUSINESS PRACTICES ACT (815 ILCS 505/1, *et. seq.* and 720 ilcs 295/1a)

1435. This claim is brought on behalf of Class members who are Illinois residents (the "Illinois Class").

1436. Old GM and New GM are "persons" as that term is defined in 815 ILCS 505/1(c).

1437. The Illinois Class are "consumers" as that term is defined in 815 ILCS 505/1(e).

1438. The Illinois Consumer Fraud and Deceptive Business Practices Act ("Illinois CFA") prohibits "unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of any material fact, with intent that others rely upon the concealment, suppression or omission of such material fact… in the conduct of trade or commerce… whether any person has in fact been misled, deceived or damaged thereby." 815 ILCS 505/2.

1439. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Illinois CFA. By failing to disclose and actively concealing the dangerous

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/14/15 Page 58 of 337

ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Illinois CFA.

1440. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Illinois CFA, and also has successor liability for the violations of Old GM.

1441. As alleged above, both Companies knew of the ignition switch defects, while the Illinois Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1442. The Companies knew or should have known that their conduct violated the Illinois CFA.

1443. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1444. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 1379-2 Filed 11/03/15 Page 59 of 337

shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1445. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1446. The Companies each owed the Illinois Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Illinois Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Illinois Class that contradicted these representations.

1447. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Illinois Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/15 Page 50 of 337

1448. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Illinois Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Illinois Class.

1449. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Illinois Class. Had the Illinois Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1450. All members of the Illinois Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Illinois Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Illinois Class own vehicles that are not safe.

1451. The Illinois Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/16 Page 51 of 337

1452. The Illinois Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Illinois CFA, and these violations present a continuing risk to the Illinois Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1453. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1454. As a direct and proximate result of the Companies' violations of the Illinois CFA, the Illinois Class has suffered injury-in-fact and/or actual damage.

1455. Pursuant to 815 ILCS 505/10a(a), the Illinois Class seeks monetary relief against New GM in the amount of actual damages, as well as punitive damages because New GM acted with fraud and/or malice and/or was grossly negligent.

1456. The Illinois Class also seeks an order enjoining New GM's unfair and/or deceptive acts or practices, punitive damages, and attorneys' fees, and any other just and proper relief available under 815 ILCS. § 505/1 *et. seq.*

FORTY-FOURTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1457. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought solely on behalf of the Illinois Class.

1458. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1459. The Companies knew these representations were false when made.

1460. The vehicles purchased or leased by the Illinois Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with

Case 1:14-md-02543-JMF Document 1379-2 Filed 11/13/15 Page 52 of 287

the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1461. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Illinois Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1462. The aforementioned concealment was material, because if it had been disclosed the Illinois Class would not have bought, leased or retained their vehicles.

1463. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1464. The Illinois Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1465. As a result of their reliance, the Illinois Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/04/16 Page 593 of 837

1466. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Illinois Class. The Illinois Class is therefore entitled to an award of punitive damages.

INDIANA

FORTY-FIFTH CLAIM FOR RELIEF

VIOLATION OF THE INDIANA DECEPTIVE CONSUMER SALES ACT (Ind. Code § 24-5-0.5-3)

1467. This claim is brought on behalf of Class members who are Indiana residents (the "Indiana Class").

1468. Old GM and New GM are "persons" within the meaning of IND. CODE § 24-5-0.5-2(2) and "suppliers" within the meaning of IND. CODE § 24-5-0.5-2(a)(3).

1469. The Indiana Class Members' purchases of the Defective Vehicles are "consumer transactions" within the meaning of IND. CODE § 24-5-0.5-2(a)(1).

1470. Indiana's Deceptive Consumer Sales Act ("Indiana DCSA") prohibits a person from engaging in a "deceptive trade practice," which includes representing: "(1) That such subject of a consumer transaction has sponsorship, approval, performance, characteristics, accessories, uses, or benefits that they do not have, or that a person has a sponsorship, approval, status, affiliation, or connection it does not have; (2) That such subject of a consumer transaction is of a particular standard, quality, grade, style or model, if it is not and if the supplier knows or should reasonably know that it is not;… (7) That the supplier has a sponsorship, approval or affiliation in such consumer transaction the supplier does not have, and which the supplier knows or should reasonably know that the supplier does not have;… (c) Any representations on or within a product or its packaging or in advertising or promotional materials which would constitute a deceptive act shall be the deceptive act both of the supplier who places such a representation thereon or therein, or who authored such materials, and such suppliers who shall state orally or in writing that such representation is true if such other supplier shall know or have reason to know that such representation was false." IND. CODE § 24-5-0.5-3.

1471. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Indiana DCSA. By failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Indiana DCSA. The Companies also engaged in unlawful trade practices by: (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular standard and quality when they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; and (4) otherwise engaging in conduct likely to deceive.

1472. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1473. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Indiana DCSA, and also has successor liability for the violations of Old GM.

1474. As alleged above, both Companies knew of the ignition switch defects, while the Indiana was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1475. The Companies knew or should have known that their conduct violated the Indiana DCSA.

1476. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1477. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1478. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1479. The Companies each owed the Indiana Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/08/15 Page 396 of 837

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Indiana Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Indiana Class that contradicted these representations.

1480. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Indiana Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1481. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Indiana Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Indiana Class.

1482. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Indiana Class. Had the Indiana Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1483. All members of the Indiana Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Indiana Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 67 of 337

failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Indiana Class own vehicles that are not safe.

1484. The Indiana Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1485. The Indiana Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Indiana DCSA, and these violations present a continuing risk to the Indiana Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1486. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1487. As a direct and proximate result of the Companies' violations of the Indiana DCSA, the Indiana Class has suffered injury-in-fact and/or actual damage.

1488. Pursuant to IND. CODE § 24-5-0.5-4, the Indiana Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $500 for each Indiana Class Member, including treble damages up to $1,000 for New GM's willfully deceptive acts.

1489. The Indiana Class also seeks punitive damages based on the outrageousness and recklessness of the Companies' conduct and New GM's high net worth.

1490. Indiana Plaintiffs have complied with the notice requirement set forth in Indiana Code § 24-5-0.5-5(a) by virtue of the notice previously provided in the context of the underlying action styled *Saclo, et al. v. GM*, 8:14-cv-00604-JVS-AN (C.D. Cal.), and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

FORTY-SIXTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (IND. CODE § 26-1-2-314)

1491. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Indiana Class.

1492. Old GM and New GM were merchants with respect to motor vehicles within the meaning of IND. CODE. § 26-1-2-104(1).

1493. Under IND. CODE. § 26-1-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Indiana Class purchased their Defective Vehicles.

1494. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/13/15 Page 59 of 327

1495. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Indiana Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1496. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Indiana Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

FORTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1497. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Indiana residents.

1498. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1499. The Companies knew these representations were false when made.

1500. The vehicles purchased or leased by the Indiana Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1501. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Indiana Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

Case 1:14-md-02543-JMF Document 1379-2 Filed 07/14/15 Page 70 of 337

1502. The aforementioned concealment was material, because if it had been disclosed the Indiana Class would not have bought, leased or retained their vehicles.

1503. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1504. The Indiana Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1505. As a result of their reliance, the Indiana Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1506. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Indiana Class. The Indiana Class is therefore entitled to an award of punitive damages.

IOWA

FORTY-EIGHTH CLAIM FOR RELIEF

VIOLATIONS OF THE PRIVATE RIGHT OF ACTION FOR CONSUMER FRAUDS ACT (IOWA CODE § 714h.1, *et. seq.*)

1507. This claim is brought on behalf of Class members who are Iowa residents (the "Iowa Class").

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/13/15 Page 91 of 337

1508. Old GM and New GM are "persons" under IOWA CODE § 714H.2(7).

1509. The Iowa Class are "consumers," as defined by IOWA CODE § 714H.2(3), who purchased or leased one or more Defective Vehicles.

1510. The Iowa Private Right of Action for Consumer Frauds Act ("Iowa CFA") prohibits any "practice or act the person knows or reasonably should know is an unfair practice, deception, fraud, false pretense, or false promise, or the misrepresentation, concealment, suppression, or omission of a material fact, with the intent that others rely upon the unfair practice, deception, fraud, false pretense, false promise, misrepresentation, concealment, suppression, or omission in connection with the advertisement, sale, or lease of consumer merchandise…." IOWA CODE § 714H.3. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Iowa CFA. By failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Iowa CFA.

1511. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1512. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Iowa CFA, and also has successor liability for the violations of Old GM.

1513. As alleged above, both Companies knew of the ignition switch defects, while the Iowa Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1514. The Companies knew or should have known that their conduct violated the Iowa CFA.

1515. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1516. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1517. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 1579-2 Filed 12/03/15 Page 93 of 387

1518. The Companies each owed the Iowa Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Iowa Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Iowa Class that contradicted these representations.

1519. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Iowa Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1520. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Iowa Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Iowa Class.

1521. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Iowa Class. Had the Iowa Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/13/14 Page 394 of 837

1522. All members of the Iowa Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Iowa Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Iowa Class own vehicles that are not safe.

1523. The Iowa Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1524. The Iowa Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Iowa CFA, and these violations present a continuing risk to the Iowa Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1525. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1526. As a direct and proximate result of the Companies' violations of the Iowa CFA, the Iowa Class has suffered injury-in-fact and/or actual damage.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 95 of 337

1527. Pursuant to IOWA CODE § 714H.5, the Iowa Class seeks an order enjoining New GM's unfair and/or deceptive acts or practices; actual damages; in addition to an award of actual damages, statutory damages up to three times the amount of actual damages awarded as a result of New GM's willful and wanton disregard for the rights or safety of others; attorneys' fees; and such other equitable relief as the Court deems necessary to protect the public from further violations of the Iowa CFA.

FORTY-NINTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1528. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Iowa Class.

1529. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1530. The Companies knew these representations were false when made.

1531. The vehicles purchased or leased by the Iowa Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1532. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Iowa Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1533. The aforementioned concealment was material, because if it had been disclosed the Iowa Class would not have bought, leased or retained their vehicles.

1534. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1535. The Iowa Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1536. As a result of their reliance, the Iowa Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1537. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Iowa Class. The Iowa Class is entitled to an award of punitive damages.

KANSAS

FIFTIETH CLAIM FOR RELIEF

VIOLATIONS OF THE KANSAS CONSUMER PROTECTION ACT (KAN. STAT. ANN. § 50-623, *et. seq.*)

1538. This claim is brought on behalf of Class members who are Kansas residents (the "Kansas Class").

1539. Old GM and New GM are "supplier[s]" under the Kansas Consumer Protection Act ("Kansas CPA"), KAN. STAT. ANN. § 50-624(1).

1540. Class members are "consumers," within the meaning of KAN. STAT. ANN. § 50-624(b), who purchased or leased one or more Defective Vehicles.

1541. The sale of the Defective Vehicles to the Class members was a "consumer transaction" within the meaning of KAN. STAT. ANN. § 50-624(c).

1542. The Kansas CPA states "[n]o supplier shall engage in any deceptive act or practice in connection with a consumer transaction," KAN. STAT. ANN. § 50-626(a), and that deceptive acts or practices include: (1) knowingly making representations or with reason to know that "(A) Property or services have sponsorship, approval, accessories, characteristics, ingredients, uses, benefits or quantities that they do not have;" and "(D) property or services are of particular standard, quality, grade, style or model, if they are of another which differs materially from the representation;" "(2) the willful use, in any oral or written representation, of exaggeration, falsehood, innuendo or ambiguity as to a material fact;" and "(3) the willful failure to state a material fact, or the willful concealment, suppression or omission of a material fact." The Kansas CPA also provides that "[n]o supplier shall engage in any unconscionable act or practice in connection with a consumer transaction." KAN. STAT. ANN. § 50-627(a).

1543. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Kansas CPA. By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Kansas CPA. The Companies also engaged in unlawful trade practices by: (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular standard and quality when they are not; (3) advertising the

Defective Vehicles with the intent not to sell them as advertised; (4) willfully using, in any oral or written representation, of exaggeration, falsehood, innuendo or ambiguity as to a material fact; (5) willfully failing to state a material fact, or the willfully concealing, suppressing or omitting a material fact; and (6) otherwise engaging in an unconscionable act or practice in connection with a consumer transaction.

1544. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1545. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Kansas CPA, and also has successor liability for the violations of Old GM.

1546. As alleged above, both Companies knew of the ignition switch defects, while the Kansas Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1547. The Companies knew or should have known that their conduct violated the Kansas CPA.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 79 of 337

1548. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1549. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1550. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1551. The Companies each owed the Kansas Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Kansas Class; and/or

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 80 of 337

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Kansas Class that contradicted these representations.

1552. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Kansas Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1553. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Kansas Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Kansas Class.

1554. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Kansas Class. Had the Kansas Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1555. All members of the Kansas Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Kansas Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Kansas Class own vehicles that are not safe.

Case 1:14-md-02543-JMF Document 1579-2 Filed 12/03/15 Page 81 of 337

1556. The Kansas Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1557. The Kansas Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Kansas CPA, and these violations present a continuing risk to the Kansas Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1558. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1559. As a direct and proximate result of the Companies' violations of the Kansas CPA, the Kansas Class has suffered injury-in-fact and/or actual damage.

1560. Pursuant to KAN. STAT. ANN. § 50-634, the Kansas Class seeks monetary relief against Defendant measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $10,000 for each Kansas Class Member.

1561. The Kansas Class also seeks an order enjoining New GM's unfair, unlawful, and/or deceptive practices, declaratory relief, attorneys' fees, and any other just and proper relief available under KAN. STAT. ANN § 50-623 *et. seq.*

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 82 of 287

FIFTY-FIRST CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (KAN. STAT. ANN. § 84-2-314)

1562. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Kansas Class.

1563. Old GM and New GM were merchants with respect to motor vehicles within the meaning of KAN. STAT. ANN. § 84-2-104(1).

1564. Under KAN. STAT. ANN. § 84-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Kansas Class purchased their Defective Vehicles.

1565. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1566. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Kansas Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1567. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Kansas Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

FIFTY-SECOND CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1568. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Kansas Class.

1569. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1570. The Companies knew these representations were false when made.

1571. The vehicles purchased or leased by the Kansas Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1572. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Kansas Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1573. The aforementioned concealment was material, because if it had been disclosed the Kansas Class would not have bought, leased or retained their vehicles.

1574. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/04/16 Page 394 of 837

1575. The Kansas Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1576. As a result of their reliance, the Kansas Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1577. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Kansas Class. The Kansas Class is therefore entitled to an award of punitive damages.

KENTUCKY

FIFTY-THIRD CLAIM FOR RELIEF

VIOLATION OF THE KENTUCKY CONSUMER PROTECTION ACT (KY. REV. STAT. § 367.110, *et. seq.*)

1578. This claim is brought on behalf of Class members who are Kentucky residents (the "Kentucky Class").

1579. The Companies and the Kentucky Class are "persons" within the meaning of the KY. REV. STAT. § 367.110(1).

1580. The Companies engaged in "trade" or "commerce" within the meaning of KY. REV. STAT. § 367.110(2).

1581. The Kentucky Consumer Protection Act ("Kentucky CPA") makes unlawful "[u]nfair, false, misleading, or deceptive acts or practices in the conduct of any trade or commerce.…" KY. REV. STAT. § 367.170(1). Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Kentucky CPA. By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Kentucky CPA.

1582. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1583. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Kentucky CPA, and also has successor liability for the violations of Old GM.

1584. As alleged above, both Companies knew of the ignition switch defects, while the Kentucky Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1585. The Companies knew or should have known that their conduct violated the Kentucky CPA.

1586. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 86 of 237

1587. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1588. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1589. The Companies each owed the Kentucky Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Kentucky Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Kentucky Class that contradicted these representations.

1590. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Kentucky Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1591. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Kentucky Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Kentucky Class.

1592. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Kentucky Class. Had the Kentucky Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1593. All members of the Kentucky Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Kentucky Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Kentucky Class own vehicles that are not safe.

1594. The Kentucky Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 58 of 287

failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1595. The Kentucky Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Kentucky CPA, and these violations present a continuing risk to the Kentucky Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1596. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1597. As a direct and proximate result of the Companies' violations of the Kentucky CPA, the Kentucky Class has suffered injury-in-fact and/or actual damage.

1598. Pursuant to KY. REV. STAT. ANN. § 367.220, the Kentucky Class seeks to recover actual damages in an amount to be determined at trial; an order enjoining New GM's unfair, unlawful, and/or deceptive practices; declaratory relief; attorneys' fees; and any other just and proper relief available under KY. REV. STAT. ANN. § 367.220.

FIFTY-FOURTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1599. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Kentucky residents.

1600. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1601. The Companies knew these representations were false when made.

1602. The vehicles purchased or leased by the Kentucky Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1603. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Kentucky Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1604. The aforementioned concealment was material, because if it had been disclosed the Kentucky Class would not have bought, leased or retained their vehicles.

1605. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1606. The Kentucky Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/14/15 Page 90 of 337

1607. As a result of their reliance, the Kentucky Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1608. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Kentucky Class. The Kentucky Class is entitled to an award of punitive damages.

LOUISIANA

FIFTY-FIFTH CLAIM FOR RELIEF

VIOLATION OF THE LOUISIANA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION LAW (LA. REV. STAT. § 51:1401, *et. seq.*)

1609. This claim is brought on behalf of Class members who are Louisiana residents (the "Louisiana Class").

1610. The Companies and the Louisiana Class are "persons" within the meaning of the LA. REV. STAT. § 51:1402(8).

1611. The Louisiana Class members are "consumers" within the meaning of the LA. REV. STAT. § 51:1402(1).

1612. The Companies engaged in "trade" or "commerce" within the meaning of LA. REV. STAT. § 51:1402(9).

1613. The Louisiana Unfair Trade Practices and Consumer Protection Law ("Louisiana CPL") makes unlawful "deceptive acts or practices in the conduct of any trade or commerce…" LA. REV. STAT. § 51:1405(A). Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Louisiana CPL. By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Louisiana CPL.

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/13/15 Page 91 of 337

1614. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Louisiana CPL, and also has successor liability for the violations of Old GM.

1615. As alleged above, both Companies knew of the ignition switch defects, while the Louisiana Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1616. The Companies knew or should have known that their conduct violated the Louisiana CPL.

1617. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1618. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/04/16 Page 592 of 837

1619. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1620. The Companies each owed the Louisiana Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Louisiana Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Louisiana Class that contradicted these representations.

1621. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Louisiana Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1622. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Louisiana Class, about the true safety and reliability of

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 93 of 237

Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Louisiana Class.

1623. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Louisiana Class. Had the Louisiana Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1624. All members of the Louisiana Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Louisiana Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Louisiana Class own vehicles that are not safe.

1625. The Louisiana Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/14/15 Page 94 of 337

1626. The Louisiana Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Louisiana CPL, and these violations present a continuing risk to the Louisiana Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1627. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1628. As a direct and proximate result of the Companies' violations of the Louisiana CPL, the Louisiana Class have suffered injury-in-fact and/or actual damage.

1629. Pursuant to LA. REV. STAT. § 51:1409, the Louisiana Class seeks to recover actual damages in an amount to be determined at trial; treble damages for New GM's knowing violations of the Louisiana CPL; an order enjoining New GM's unfair, unlawful, and/or deceptive practices; declaratory relief; attorneys' fees; and any other just and proper relief available under LA. REV. STAT. § 51:1409.

1630. Pursuant to LA. REV. STAT. § 51:1409(B), the Louisiana Class will mail a copy of this complaint to Louisiana's Attorney General

FIFTY-SIXTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (LA. CIV. CODE ART. 2520, 2524)

1631. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Louisiana Class.

1632. At the time the Louisiana Class acquired their Defective Vehicles, those vehicles had a redhibitory defect within the meaning of LA. CIV. CODE ART. 2520, in that (a) the defective ignition switches rendered the use of the Defective Vehicles so inconvenient that the Louisiana Class either would not have purchased the Defective Vehicles had they

Case 1:14-md-02543-JMF Document 1579-2 Filed 01/08/15 Page 95 of 337

known of the defect, or, because the defective ignition switches so diminished the usefulness and/or value of the Defective Vehicles such that it must be presumed that the Louisiana Class would have purchased the Defective Vehicles, but for a lesser price.

1633. No notice of the defect is required under LA. CIV. CODE ART. 2520, since Old GM had knowledge of a redhibitory defect in the Defective Vehicles at the time they were sold to the Louisiana Class.

1634. Under LA. CIV. CODE ART. 2524, a warranty that the Defective Vehicles were in merchantable condition, or fit for ordinary use, was implied by law in the transactions when the Louisiana Class purchased their Defective Vehicles.

1635. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1636. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Louisiana Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1637. As a direct and proximate result of Old GM's sale of vehicles with redhibitory defects, and in violation of the implied warranty that the Defective Vehicles were fit for ordinary use, the Louisiana Class is entitled to either rescission or damages from New GM in an amount to be proven at trial.

1638. New GM also has successor liability for Old GM's breach.

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/13/15 Page 96 of 337

FIFTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1639. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Louisiana Class.

1640. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1641. The Companies knew these representations were false when made.

1642. The vehicles purchased or leased by the Louisiana Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1643. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Louisiana Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1644. The aforementioned concealment was material, because if it had been disclosed the Louisiana Class would not have bought, leased or retained their vehicles.

1645. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1646. The Louisiana Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1647. As a result of their reliance, the Louisiana Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1648. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Louisiana Class. The Louisiana Class is entitled to an award of punitive damages.

FIFTY-EIGHTH CLAIM FOR RELIEF

REDHIBITION
LA. CIV. CODE ART. 2520, *et. seq.* and 2545
(On Behalf of the Louisiana State Class)

1649. Under Louisiana law, the seller and manufacturer warrants the buyer against redhibitory defects or vices in the thing sold. LA. CIV. CODE ART. 2520. A defect is redhibitory under two circumstances. First, a defect is redhibitory when it renders the thing useless, or renders its use so inconvenient that it must be presumed that a buyer would not have bought the thing had he known of the defect. *Id.* The existence of such a defect gives a buyer the right to obtain rescission of the sale. *Id.* Second, a defect is redhibitory when it diminishes the usefulness or the value of the thing so that it must be presumed that a buyer would still have bought it, but for a lesser price. *Id.* The existence of such a defect entitles the buyer to a reduction in the price. *Id.*

1650. Old GM and New GM defectively designed, manufactured, sold, or otherwise placed in the stream of commerce Vehicles that are defective.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 98 of 287

1651. Old GM and New GM have known of the defects and the safety hazards that result from the defects, as alleged herein, and have failed to adequately address those safety concerns.

1652. New GM is responsible for damages caused by the failure of its products to conform to well-defined standards. In particular, the Defective Vehicles contain vices or defects which have rendered them useless or their use so inconvenient and unsafe that reasonable buyers would not have purchased them had they known of the defects, or at the least, would not have paid as much for the Vehicles as they did. The Louisiana Class members are entitled to obtain either rescission or a reduction in the purchase/lease price of the Vehicles from New GM.

1653. Further, under Louisiana law, Old GM and New GM are deemed to know that the Vehicles contained redhibitory defects pursuant to LA. CIV. CODE ART. 2545. New GM is liable for the bad faith sale of defective products with knowledge of the defects and thus is liable to the Louisiana Class for the price of the Vehicles, with interest from the purchase or lease date, as well as reasonable expenses occasioned by the sale or lease of the Vehicles, as well as attorneys' fees.

1654. Due to the defects and redhibitory vices in the Vehicles sold or leased to the Louisiana Class, they have suffered damages under Louisiana law.

MAINE

FIFTY-NINTH CLAIM FOR RELIEF

VIOLATION OF MAINE UNFAIR TRADE PRACTICES ACT (ME. REV. STAT. ANN. TIT. 5 § 205-a, *et. seq.*)

1655. This claim is brought on behalf of Class members who are Maine residents (the "Maine Class").

1656. The Companies, and the Maine Class are, "persons" within the meaning of ME. REV. STAT. ANN. TIT. 5 § 206(2).

1657. The Companies are engaged in "trade" or "commerce" within the meaning of ME. REV. STAT. ANN. TIT. § 206(3).

1658. The Maine Unfair Trade Practices Act ("Maine UTPA") makes unlawful "[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce…." ME. REV. STAT. ANN. TIT. 5 § 207. In the course of the Companies' business, they each willfully failed to disclose and actively concealed the dangerous risk caused by the ignition switch defects in the Defective Vehicles. Accordingly, the Companies engaged in unfair or deceptive acts or practices. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Maine UTPA. By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Maine UTPA.

1659. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Maine UTPA, and also has successor liability for the violations of Old GM.

1660. As alleged above, both Companies knew of the ignition switch defects, while the Maine Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1661. The Companies knew or should have known that their conduct violated the Maine UTPA.

1662. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1663. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1664. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1665. The Companies each owed the Maine Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Maine Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Maine Class that contradicted these representations.

1666. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Maine Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1667. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Maine Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Maine Class.

1668. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Maine Class. Had the Maine Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1669. All members of the Maine Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Maine Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/14/15 Page 192 of 337

failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Maine Class own vehicles that are not safe.

1670. The Maine Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1671. The Maine Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Maine UTPA, and these violations present a continuing risk to the Maine Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1672. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1673. As a direct and proximate result of the Companies' violations of the Maine UTPA, the Maine Class has suffered injury-in-fact and/or actual damage.

1674. Pursuant to ME. REV. STAT. ANN. TIT. 5 § 213, the Maine Class seeks an order enjoining Defendant's unfair and/or deceptive acts or practices, damages, punitive damages, and attorneys' fees, costs, and any other just and proper relief available under the Maine UTPA.

1675. On October 12, 2014, Plaintiffs sent a notice letter complying with ME. REV. STAT. ANN. TIT. 5, § 213(1-A). Plaintiffs presently do not claim the damages relief asserted in this Complaint under the Maine UTPA until and unless New GM fails to remedy its unlawful conduct towards the Class within the requisite time period, after which Plaintiffs seek all damages and relief to which Plaintiffs and the Maine Class are entitled.

1676. Pursuant to ME. REV. STAT. ANN. TIT. 5 § 213(3), Plaintiffs will mail a copy of this complaint to Maine's Attorney General.

SIXTIETH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(ME. REV. STAT. ANN. TIT. 11 § 2-314)

1677. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Maine residents.

1678. Old GM and New GM were merchants with respect to motor vehicles within the meaning of ME. REV. STAT. ANN. TIT. 11 § 2-104(1).

1679. Under ME. REV. STAT. ANN. TIT. 11 § 2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Maine Class purchased their Defective Vehicles.

1680. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1681. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Maine Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1682. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Maine Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

SIXTY-FIRST CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1683. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Maine residents.

1684. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1685. The Companies knew these representations were false when made.

1686. The vehicles purchased or leased by the Maine Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1687. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Maine Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1688. The aforementioned concealment was material, because if it had been disclosed the Maine Class would not have bought, leased or retained their vehicles.

1689. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1690. The Maine Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1691. As a result of their reliance, the Maine Class been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1692. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Maine Class, who are therefore entitled to an award of punitive damages.

MARYLAND

SIXTY-SECOND CLAIM FOR RELIEF

VIOLATIONS OF THE MARYLAND CONSUMER PROTECTION ACT (MD. CODE COM. LAW § 13-101, *et. seq.*)

1693. This claim is brought on behalf of Class members who are Maryland residents (the "Maryland Class").

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 196 of 337

1694. The Companies and the Maryland Class are "persons" within the meaning of MD. CODE COM. LAW § 13-101(h).

1695. The Maryland Consumer Protection Act ("Maryland CPA") provides that a person may not engage in any unfair or deceptive trade practice in the sale of any consumer good. MD. COM. LAW CODE § 13-303. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Maryland CPA. By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Maryland CPA.

1696. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1697. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Maryland CPA, and also has successor liability for the violations of Old GM.

1698. As alleged above, both Companies knew of the ignition switch defects, while the Maryland Class was deceived by the Companies' omission into believing the Defective

Vehicles were safe, and the information could not have reasonably been known by the consumer.

1699. The Companies knew or should have known that their conduct violated the Maryland CPA.

1700. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1701. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1702. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1703. The Companies each owed the Maryland Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Maryland Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Maryland Class that contradicted these representations.

1704. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Maryland Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1705. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Maryland Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Maryland Class.

1706. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Maryland Class. Had the Maryland Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1707. The Maryland Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Maryland Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 199 of 337

Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Maryland Class own vehicles that are not safe.

1708. The Maryland Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1709. The Maryland Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Maryland CPA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1710. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1711. As a direct and proximate result of the Companies' violations of the Maryland CPA, the Maryland Class has suffered injury-in-fact and/or actual damage.

1712. Pursuant to MD. CODE COM. LAW § 13-408, the Maryland Class seek actual damages, attorneys' fees, and any other just and proper relief available under the Maryland CPA.

SIXTY-THIRD CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (MD. CODE COM. LAW § 2-314)

1713. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Maryland residents.

1714. Old GM and New GM were merchants with respect to motor vehicles within the meaning of MD. COM. LAW § 2-104(1).

1715. Under MD. COM. LAW § 2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Maryland Class purchased their Defective Vehicles.

1716. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1717. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Maryland Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1718. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Maryland Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 511 of 737

SIXTY-FOURTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1719. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Maryland residents.

1720. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1721. The Companies knew these representations were false when made.

1722. The vehicles purchased or leased were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1723. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Maryland Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1724. The aforementioned concealment was material, because if it had been disclosed the Maryland Class would not have bought, leased or retained their vehicles.

1725. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 112 of 337

1726. The Maryland Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1727. As a result of their reliance, the Maryland Class been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1728. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Maryland Class, who are therefore entitled to an award of punitive damages.

MASSACHUSETTS

SIXTY-FIFTH CLAIM FOR RELIEF

DECEPTIVE ACTS OR PRACTICES PROHIBITED BY MASSACHUSETTS LAW (MASS. GEN. LAWS CH. 93A, § 1, *et. seq.*)

1729. This claim is brought on behalf of Class members who are Massachusetts residents (the "Massachusetts Class or "The MA Class"").

1730. The Companies and the Massachusetts Class are "persons" within the meaning of MASS. GEN. LAWS ch. 93A, § 1(a).

1731. The Companies engaged in "trade" or "commerce" within the meaning of MASS. GEN. LAWS ch. 93A, § 1(b).

1732. Massachusetts law (the "Massachusetts Act") prohibits "unfair or deceptive acts or practices in the conduct of any trade or commerce." MASS. GEN. LAWS ch. 93A, § 2. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Massachusetts Act. By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Massachusetts Act.

1733. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Massachusetts Act, and also has successor liability for the violations of Old GM.

1734. As alleged above, both Companies knew of the ignition switch defects, while the Massachusetts Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1735. The Companies knew or should have known that their conduct violated the Massachusetts Act.

1736. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1737. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 514 of 337

shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1738. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1739. The Companies each owed the MA Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the MA Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the MA Class that contradicted these representations.

1740. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the MA Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1741. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the MA Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Massachusetts Class.

1742. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Massachusetts Class. Had the Massachusetts Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1743. The Massachusetts Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Massachusetts Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Massachusetts Class owns vehicles that are not safe.

1744. The Massachusetts Class Members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 516 of 537

1745. Massachusetts Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Massachusetts Act, and these violations present a continuing risk to the MA Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1746. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1747. As a direct and proximate result of the Companies' violations of the Massachusetts Act, the Massachusetts Class have suffered injury-in-fact and/or actual damage.

1748. Pursuant to MASS. GEN. LAWS ch. 93A, § 9, the Massachusetts Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $25 for each Massachusetts Class Member. Because Defendant's conduct was committed willfully and knowingly, up to three times actual damages, but no less than two times actual damages, is warranted as a recovery for each Massachusetts Class Member.

1749. The Massachusetts Class also seeks an order enjoining New GM's unfair and/or deceptive acts or practices, punitive damages, and attorneys' fees, costs, and any other just and proper relief available under the Massachusetts Act.

1750. Massachusetts Plaintiffs have complied with the notice requirement set forth in MASS. GEN. LAWS ch. 93A, § 9(3) by virtue of the notice previously provided in the context of the underlying action styled *Dinco, et al. v GM*, 2:14-cv-03638-JVS-AN (C.D. Cal.), and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 517 of 337

SIXTY-SIXTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (ALM GL. CH. 106, § 2-314)

1751. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Massachusetts residents.

1752. Old GM and New GM were merchants with respect to motor vehicles within the meaning of ALM GL CH. 106, § 2-104(1).

1753. Under ALM GL CH. 106, § 2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the Defective Vehicle transactions.

1754. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1755. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Massachusetts Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1756. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Massachusetts Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 318 of 337

SIXTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1757. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Massachusetts residents.

1758. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1759. The Companies knew these representations were false when made.

1760. The vehicles purchased or leased by the MA Class, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1761. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the MA Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1762. The aforementioned concealment was material, because if it had been disclosed the MA Class would not have bought, leased or retained their vehicles.

1763. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1764. The MA Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1765. As a result of their reliance, MA Class Members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1766. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Massachusetts Class, who are therefore entitled to an award of punitive damages.

MICHIGAN

SIXTY-EIGHTH CLAIM FOR RELIEF

VIOLATION OF THE MICHIGAN CONSUMER PROTECTION ACT (MICH. COMP. LAWS § 445.903, *et. seq.*)

1767. This claim is brought under Michigan law on behalf of the Michigan Class for equitable injunctive relief , actual damages, and statutory penalties.

1768. Michigan Class Members were "person[s]" within the meaning of the MICH. COMP. LAWS § 445.902(1)(d).

1769. At all relevant times hereto, the Companies were "persons" engaged in "trade or commerce" within the meaning of the MICH. COMP. LAWS § 445.902(1)(d) and (g).

1770. The Michigan Consumer Protection Act ("Michigan CPA") prohibits "[u]nfair, unconscionable, or deceptive methods, acts, or practices in the conduct of trade or commerce.…" MICH. COMP. LAWS § 445.903(1). Old GM and New GM engaged in unfair, unconscionable, or deceptive methods, acts or practices prohibited by the Michigan CPA, including: "(c) Representing that goods or services have… characteristics… that they do not have….;" "(e) Representing that goods or services are of a particular standard… if they are of another;" "(i) Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;" "(s) Failing to reveal a material fact, the omission of which tends to mislead or deceive the consumer, and which fact could not reasonably be known by the consumer;" "(bb) Making a representation of fact or statement of fact material to the transaction such that a person reasonably believes the represented or suggested state of affairs to be other than it actually is;" and "(cc) Failing to reveal facts that are material to the transaction in light of representations of fact made in a positive manner." MICH. COMP. LAWS § 445.903(1). By failing to disclose and actively concealing the dangerous ignition switch defect in the Defective Vehicles, Old GM and New GM both participated in unfair, deceptive, and unconscionable acts that violated the Michigan CPA.

1771. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Michigan CPA, and also has successor liability for the violations of Old GM.

1772. As alleged above, both Companies knew of the ignition switch defects, and the Michigan Class was deceived by the Companies' omissions into believing the Defective

Vehicles were safe. The true information could not have reasonably been known by the consumer.

1773. The Companies knew or should have known that their conduct violated the Michigan CPA.

1774. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1775. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1776. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1777. The Companies each owed the Michigan Class an independent duty, based on their respective knowledge, to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they each:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from Plaintiffs; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from Plaintiffs that contradicted these representations.

1778. The Defective Vehicles posed and/or continue to pose an unreasonable risk of death or serious bodily injury to the Michigan Class passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1779. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Michigan Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Michigan Class.

1780. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Michigan Class. Had the Michigan Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1781. The Michigan Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Michigan Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 123 of 337

Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Michigan Class owns vehicles that are not safe.

1782. The Michigan Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1783. Michigan Class Members were—and continue to be—at risk of irreparable injury as a result of the respective Companies' acts and omissions in violation of the Michigan CPA, and these violations present a continuing risk to the Michigan Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1784. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1785. As a direct and proximate result of the Companies' violations of the Michigan CPA, the Michigan Class has suffered injury-in-fact and/or actual damage.

1786. The Michigan Class seeks injunctive relief to enjoin New GM from continuing its unfair and deceptive acts; monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $250 for each Michigan Class Member; reasonable attorneys' fees; declaratory

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 524 of 837

relief in the nature of a judicial determination of whether each Company's conduct violated the Michigan Statute, the just total amount of penalties to be assessed against each thereunder, and the formula and procedure for fair and equitable allocation of statutory penalties among the Michigan Class; and any other just and proper relief available under MICH. COMP. LAWS § 445.911.

1787. The Michigan Class also seeks punitive damages against New GM because it carried out despicable conduct with willful and conscious disregard of the rights and safety of others. New GM intentionally and willfully misrepresented the safety and reliability of Defective Vehicles, deceived Michigan Class Members on life-or-death matters, and concealed material facts that only it knew, all to avoid the expense and public relations nightmare of correcting a deadly flaw in the Defective Vehicles it repeatedly promised Michigan Class Members were safe. New GM's unlawful conduct constitutes malice, oppression, and fraud warranting punitive damages.

SIXTY-NINTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (MICH. COMP. LAWS § 440.2314)

1788. This claim is brought on behalf of Michigan residents (the "Michigan Class").

1789. Old GM and New GM were merchants with respect to motor vehicles within the meaning of MICH. COMP. LAWS § 440.2314(1).

1790. Under MICH. COMP. LAWS § 440.2314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when Michigan Class members purchased their Defective Vehicles.

1791. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 125 of 337

Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1792. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Michigan Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1793. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Michigan Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

1794. The Michigan Class also seeks available equitable and/or injunctive relief. Based on New GM's continuing failures to fix the known dangerous defects, the Michigan Class seeks a declaration that New GM has not adequately implemented its recall commitments and requirements and general commitments to fix its failed processes, and injunctive relief in the form of judicial supervision over the recall process is warranted. The Michigan Class also seeks the establishment of a New GM-funded program for Plaintiffs and Class members to recover out of pocket costs incurred.

SEVENTIETH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1795. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Michigan residents.

1796. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1797. The Companies knew these representations were false when made.

1798. The vehicles purchased or leased by the Michigan Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1799. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Michigan Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1800. The aforementioned concealment was material, because if it had been disclosed the Michigan Class would not have bought, leased or retained their vehicles.

1801. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1802. The Michigan Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 127 of 337

1803. As a result of their reliance, the Michigan Class Members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1804. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Michigan Class, who are therefore entitled to an award of punitive damages.

MINNESOTA

SEVENTY-FIRST CLAIM FOR RELIEF

VIOLATION OF MINNESOTA PREVENTION OF CONSUMER FRAUD ACT (MINN. STAT. § 325f.68, *et. seq.*)

1805. This claim is brought on behalf of Class members who are Minnesota residents (the "Minnesota Class").

1806. The Defective Vehicles constitute "merchandise" within the meaning of MINN. STAT. § 325F.68(2).

1807. The Minnesota Prevention of Consumer Fraud Act ("Minnesota CFA") prohibits "[t]he act, use, or employment by any person of any fraud, false pretense, false promise, misrepresentation, misleading statement or deceptive practice, with the intent that others rely thereon in connection with the sale of any merchandise, whether or not any person has in fact been misled, deceived, or damaged thereby…" MINN. STAT. § 325F.69(1). Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Minnesota CFA. By failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Minnesota CFA.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/31/14 Page 58 of 337

1808. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1809. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Minnesota CFA, and also has successor liability for the violations of Old GM.

1810. As alleged above, both Companies knew of the ignition switch defects, while the Minnesota Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1811. The Companies knew or should have known that their conduct violated the Minnesota CFA.

1812. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1813. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 129 of 337

shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1814. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1815. The Companies each owed the Minnesota Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Minnesota Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Minnesota Class that contradicted these representations.

1816. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Minnesota Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1817. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Minnesota Class.

1818. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Minnesota Class. Had the Minnesota Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1819. The Minnesota Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Minnesota Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Minnesota Class owns vehicles that are not safe.

1820. The Minnesota Class Members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1821. Minnesota Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Minnesota CFA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1822. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1823. As a direct and proximate result of the Companies' violations of the Minnesota CFA, the Minnesota Class has suffered injury-in-fact and/or actual damage.

1824. Pursuant to MINN. STAT. § 8.31(3a), the Minnesota Class seeks actual damages, attorneys' fees, and any other just and proper relief available under the Minnesota CFA.

1825. The Minnesota Class also seeks punitive damages under MINN. STAT. § 549.20(1)(a) give the clear and convincing evidence that New GM's acts show deliberate disregard for the rights or safety of others.

SEVENTY-SECOND CLAIM FOR RELIEF

VIOLATION OF MINNESOTA UNIFORM DECEPTIVE TRADE PRACTICES ACT (MINN. STAT. § 325d.43-48, *et. seq.*)

1826. This claim is brought on behalf of Class members who are Minnesota residents.

1827. The Minnesota Deceptive Trade Practices Act ("Minnesota DTPA") prohibits deceptive trade practices, which occur when a person "(5) represents that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that the person does not have;" "(7) represents that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;" and "(9) advertises goods or services with intent not to sell them as advertised." MINN. STAT.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 132 of 337

§ 325D.44. In the course of the Companies' business, they each willfully failed to disclose and actively concealed the dangerous risk caused by the ignition switch defects in the Defective Vehicles and engaged in deceptive practices by representing that Defective Vehicles have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have; representing that Defective Vehicles are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another; and advertising Defective Vehicles with intent not to sell them as advertised. Old GM and New GM both participated in misleading, false, or deceptive acts that violated the Minnesota DTPA. By failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in deceptive business practices prohibited by the Minnesota DTPA.

1828. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

1829. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Minnesota DTPA, and also has successor liability for the violations of Old GM.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 133 of 337

1830. As alleged above, both Companies knew of the ignition switch defects, while the Minnesota Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1831. The Companies knew or should have known that their conduct violated the Minnesota DTPA.

1832. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1833. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1834. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1835. The Companies each owed the Minnesota Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Minnesota that contradicted these representations.

1836. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Minnesota Class passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1837. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Minnesota Class.

1838. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Minnesota Class. Had the Minnesota Class Members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1839. The Minnesota Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Minnesota Class Members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 135 of 337

failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Minnesota Class owns vehicles that are not safe.

1840. The Minnesota Class Members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1841. The Minnesota Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Minnesota DTPA, and these violations present a continuing risk to the Minnesota Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1842. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1843. As a direct and proximate result of the Companies' violations of the Minnesota DTPA, the Minnesota Class has suffered injury-in-fact and/or actual damages.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 536 of 337

1844. Pursuant to MINN. STAT. § 8.31(3a) and 325D.45, the Minnesota Class seeks actual damages, attorneys' fees, and any other just and proper relief available under the Minnesota DTPA.

1845. The Minnesota Class also seeks punitive damages under MINN. STAT. § 549.20(1)(a) give the clear and convincing evidence that New GM's acts show deliberate disregard for the rights or safety of others.

SEVENTY-THIRD CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (MINN. STAT. § 336.2-314)

1846. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Minnesota residents.

1847. Old GM and New GM were merchants with respect to motor vehicles within the meaning of MINN. STAT. § 336.2-104(1).

1848. Under MINN. STAT. § 336.2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Minnesota Class purchased their Defective Vehicles.

1849. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1850. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 537 of 337

communications sent by the Minnesota Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1851. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Minnesota Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

SEVENTY-FOURTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1852. This claim is brought on behalf of Class members who are Minnesota residents.

1853. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1854. The Companies knew these representations were false when made.

1855. The vehicles purchased or leased by the Minnesota Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1856. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Minnesota Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1857. The aforementioned concealment was material, because if it had been disclosed the Minnesota Class Members would not have bought, leased or retained their vehicles.

1858. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used

Case 1:14-md-02543-JMF Document 379-2 Filed 11/04/14 Page 538 of 737

motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1859. The Minnesota Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1860. As a result of their reliance, they have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1861. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Minnesota Class, who are therefore entitled to an award of punitive damages.

MISSISSIPPI

SEVENTY-FIFTH CLAIM FOR RELIEF

VIOLATION OF MISSISSIPPI CONSUMER PROTECTION ACT (MISS. CODE. ANN. § 75-24-1, *et. seq.*)

1862. This claim is brought solely on behalf of Class members who are Mississippi residents (the "Mississippi Class").

1863. The Mississippi Consumer Protection Act ("Mississippi CPA") prohibits "unfair or deceptive trade practices in or affecting commerce…." MISS. CODE. ANN. § 75-24-5(1). Unfair or deceptive practices include, but are not limited to, "(e) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have or that a person has a sponsorship, approval, status, affiliation, or connection that he does not have;" "(g) Representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;" and "(i) Advertising goods or services with intent not to sell them as advertised." Old GM and New GM participated in deceptive trade practices that violated the Mississippi CPA as described herein, including representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard and quality when they are not; and advertising Defective Vehicles with the intent not to sell them as advertised.

1864. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defect in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Mississippi CPA, and also has successor liability for the violations of Old GM.

1865. As alleged above, both Companies knew of the ignition switch defects, while the Mississippi Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 540 of 837

1866. The Companies knew or should have known that their conduct violated the Mississippi CPA.

1867. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1868. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1869. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1870. The Companies each owed the Mississippi Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Mississippi Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts that contradicted these representations.

1871. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Mississippi Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1872. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Mississippi, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Mississippi Class.

1873. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Mississippi Class. Had the Mississippi Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1874. All members of the Mississippi Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Mississippi Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Mississippi Class owns vehicles that are not safe.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 542 of 837

1875. The Mississippi Class Members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1876. The Mississippi Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Mississippi CPA, and these violations present a continuing risk to the Mississippi Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1877. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1878. As a direct and proximate result of the Companies' violations of the Mississippi CPA, the Mississippi Class has suffered injury-in-fact and/or actual damage.

1879. The actual damages of the Mississippi Class will be determined at trial, and the Mississippi Class seeks these damages as well as any other just and proper relief available under the Mississippi CPA.

SEVENTY-SIXTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (MISS. CODE ANN. § 75-2-314)

1880. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is solely on behalf of Class members who are Mississippi residents.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 543 of 837

1881. Old GM and New GM were merchants with respect to motor vehicles within the meaning of MISS. CODE ANN. § 75-2-104(1).

1882. Under MISS. CODE ANN. § 75-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Mississippi Class purchased their Defective Vehicles.

1883. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1884. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Mississippi Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1885. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, the Mississippi Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

SEVENTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1886. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Mississippi residents.

1887. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1888. The Companies knew these representations were false when made.

1889. The vehicles purchased or leased by the Mississippi Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1890. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision, because the Mississippi Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1891. The aforementioned concealment was material, because if it had been disclosed the Mississippi Class would not have bought, leased or retained their vehicles.

1892. The aforementioned representations were also material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1893. The Mississippi Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1894. As a result of their reliance, the Mississippi Class Members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1895. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Mississippi Class, who are therefore entitled to an award of punitive damages.

MISSOURI

SEVENTY-EIGHTH CLAIM FOR RELIEF

VIOLATION OF MISSOURI MERCHANDISING PRACTICES ACT (MO. REV. STAT. § 407.010, *et. seq.*)

1896. Plaintiffs bring this claim on behalf of Class members who are Missouri residents (the "Missouri Class") .

1897. New GM, Old GM, and the Missouri Class are "persons" within the meaning of MO. REV. STAT. § 407.010(5).

1898. Old GM and New GM engaged in "trade" or "commerce" within the meaning of MO. REV. STAT. § 407.010(7).

1899. The Missouri Merchandising Practices Act ("Missouri MPA") makes unlawful the "act, use or employment by any person of any deception, fraud, false pretense, misrepresentation, unfair practice, or the concealment, suppression, or omission of any material fact in connection with the sale or advertisement of any merchandise…." MO. REV. STAT. § 407.020.

1900. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity

to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Missouri MPA, and also has successor liability for the violations of Old GM.

1901. As alleged above, both Companies knew of the ignition switch defects, while the Missouri Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1902. The Companies knew or should have known that their conduct violated the Missouri MPA.

1903. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1904. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1905. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 547 of 737

defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1906. The Companies each owed the Missouri Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Missouri Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Missouri Class that contradicted these representations.

1907. The Defective Vehicles pose an unreasonable risk of death or serious bodily injury to the Missouri Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1908. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Missouri Class.

1909. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Missouri Class. Had the Missouri Class known that

Case 1:14-md-02543-JMF Document 379-2 Filed 11/14/14 Page 148 of 337

their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1910. All members of the Missouri Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Missouri Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Missouri Class owns vehicles that are not safe.

1911. The Missouri Class Members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1912. The Missouri Class Members risk irreparable injury as a result of the Companies' acts and omissions in violation of the Missouri MPA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 549 of 887

1913. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1914. As a direct and proximate result of the Companies' violations of the Missouri MPA, the Missouri Class has suffered injury-in-fact and/or actual damage.

1915. New GM is liable to the Missouri Class for damages in amounts to be proven at trial, including attorneys' fees, costs, and punitive damages, as well as injunctive relief enjoining New GM's unfair and deceptive practices, and any other just and proper relief under MO. REV. STAT. § 407.025.

1916. Pursuant to MO. REV. STAT. § 407.010, Plaintiffs will serve the Missouri Attorney General with a copy of this complaint as Plaintiffs seek injunctive relief.

1917. Both companies conduct as described herein is unethical, oppressive, or unscrupulous and/or it presented a risk of substantial injury to consumers whose vehicles were prone to fail at times and under circumstances that could have resulted in death. Such acts are unfair practices in violation of 15 Mo. Code Reg. 60-8.020.

SEVENTY-NINTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (MO. REV. STAT. § 400.2-314)

1918. In the event the Court declines to certify a nationwide Class under Michigan law, Plaintiffs bring this claim on behalf the Missouri Class.

1919. Old GM and New GM were merchants with respect to motor vehicles.

1920. Under MO. REV. STAT. § 400.2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Missouri Class purchased their Defective Vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 150 of 337

1921. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

1922. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by Missouri Class members before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1923. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Missouri Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

EIGHTIETH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1924. In the event the Court declines to certify a nationwide Class under Michigan law, Plaintiffs bring this claim on behalf the Missouri Class.

1925. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1926. The Companies knew these representations were false when made.

1927. The vehicles purchased or leased by the Missouri Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 151 of 337

1928. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Missouri Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1929. The aforementioned concealment was material because if it had been disclosed the Missouri Class would not have bought, leased or retained their vehicles. When Missouri Class members bought a Defective Vehicle for personal, family, or household purposes, they reasonably expected the vehicle would not change ignition position unless the driver turned the key.

1930. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1931. Missouri Class members relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

1932. As a result of their reliance, the Missouri Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

1933. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Missouri Class. Missouri Class members are therefore entitled to an award of punitive damages.

MONTANA

EIGHTY-FIRST CLAIM FOR RELIEF

VIOLATION OF MONTANA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION ACT OF 1973 (MONT. CODE ANN. § 30-14-101, *et. seq.*)

1934. This claim is brought on behalf of Class members who are Montana residents (the "Montana Class").

1935. Old GM, New GM, and the Montana Class are "person[s]" within the meaning of MONT. CODE ANN. § 30-14-102(6).

1936. Montana Class members are "consumer[s]" under MONT. CODE ANN. § 30-14-102(1).

1937. The sale or lease of the Defective Vehicles to Montana Class members occurred within "trade and commerce" within the meaning of MONT. CODE ANN. § 30-14-102(8), and the Companies committed deceptive and unfair acts in the conduct of "trade and commerce" as defined in that statutory section.

1938. The Montana Unfair Trade Practices and Consumer Protection Act ("Montana CPA") makes unlawful any "unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce." MONT. CODE ANN. § 30-14-103. By failing to disclose and actively concealing the dangerous ignition switch defects in the Defective Vehicles, both Old GM and New GM engaged in unfair and deceptive acts or practices in violation of the Montana CPA.

1939. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Montana CPA, and also has successor liability for the violations of Old GM.

1940. As alleged above, both Companies knew of the ignition switch defects, while the Montana Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1941. The Companies knew or should have known that their conduct violated the Montana CPA.

1942. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1943. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 154 of 337

1944. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

1945. The Companies each owed the Montana Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Montana Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Montana Class that contradicted these representations.

1946. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Montana Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1947. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Montana Class, about the true safety and reliability of

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 155 of 337

Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Montana Class.

1948. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Montana Class. When Montana Class members bought their Defective Vehicles, they reasonably expected the vehicle would not change ignition position unless the driver turned the key. Had Montana Class members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1949. All members of the Montana Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Montana Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Montana Class members own vehicles that are not safe.

1950. The Montana Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 56 of 337

tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1951. Montana Class members risk irreparable injury as a result of the Companies' acts and omissions in violation of the Montana CPA, and these violations present a continuing risk to the Montana Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

1952. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1953. As a direct and proximate result of the Companies' violations of the Montana CPA, the Montana Class has suffered injury-in-fact and/or actual damage.

1954. Because the Companies' unlawful methods, acts, and practices have caused Montana Class members to suffer an ascertainable loss of money and property, the Montana Class seeks from New GM actual damages or $500, whichever is greater, discretionary treble damages, reasonable attorneys' fees, an order enjoining New GM's unfair, unlawful and/or deceptive practices, and any other relief the Court considers necessary or proper, under MONT. CODE ANN. § 30-14-133.

EIGHTY-SECOND CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (MONT. CODE § 30-2-314)

1955. In the event the Court declines to certify a nationwide Class, Plaintiffs bring this claim on behalf of the Montana Class.

1956. Old GM and New GM were merchants with respect to motor vehicles under MONT. CODE § 30-2-104.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 157 of 337

1957. Under MONT. CODE § 30-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when Montana Class members purchased their Defective Vehicles.

1958. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision. .

1959. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by Montana Class members before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1960. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Montana Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

EIGHTY-THIRD CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1961. In the event the Court declines to certify a nationwide Class under Michigan law, Plaintiffs bring this claim on behalf of the Montana Class.

1962. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1963. The Companies knew these representations were false when made.

1964. The vehicles purchased or leased by the Montana Class were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

1965. The Companies had a duty to disclose that these vehicles were defective, unsafe, and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Montana Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

1966. The aforementioned concealment was material because if it had been disclosed the Montana Class would not have bought, leased, or retained their vehicles.

1967. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

1968. The Montana Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing, or retaining the Defective Vehicles.

1969. As a result of their reliance, Montana Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 59 of 337

1970. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Montana Class. Montana Class members are therefore entitled to an award of punitive damages.

NEBRASKA

EIGHTY-FOURTH CLAIM FOR RELIEF

VIOLATION OF THE NEBRASKA CONSUMER PROTECTION ACT
(NEB. REV. STAT. § 59-1601, *et. seq.*)

1971. This claim is brought on behalf of Class members who are Nebraska residents (the "Nebraska Class").

1972. Old GM, New GM, and Nebraska Class members are "person[s]" under the Nebraska Consumer Protection Act ("Nebraska CPA"), NEB. REV. STAT. § 59-1601(1).

1973. The Companies' actions as set forth herein occurred in the conduct of trade or commerce as defined under NEB. REV. STAT. § 59-1601(2).

1974. The Nebraska CPA prohibits "unfair or deceptive acts or practices in the conduct of any trade or commerce." NEB. REV. STAT. § 59-1602. The conduct of Old GM and New GM as set forth herein constitutes unfair or deceptive acts or practices.

1975. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 160 of 337

commerce in violation of the Nebraska CPA, and also has successor liability for the violations of Old GM.

1976. As alleged above, both Companies knew of the ignition switch defects, while the Nebraska Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

1977. The Companies knew or should have known that their conduct violated the Nebraska CPA.

1978. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

1979. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

1980. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 10/03/14 Page 161 of 337

1981. The Companies each owed the Nebraska Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Nebraska Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Nebraska Class that contradicted these representations.

1982. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Nebraska Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

1983. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Nebraska Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Nebraska Class.

1984. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Nebraska Class. When the Nebraska Class members bought a Defective Vehicles, they reasonably expected the vehicle would not change ignition position unless the driver turned the key. Had the Nebraska Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

1985. All members of the Nebraska Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Nebraska Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Nebraska Class members own vehicles that are not safe.

1986. The Nebraska Class has been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

1987. Nebraska Class Members risk irreparable injury as a result of the Companies' acts and omissions in violation of the MPA, and these violations present a continuing risk to the Nebraska Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 153 of 337

1988. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

1989. As a direct and proximate result of the Companies' violations of the Nebraska CPA, the Nebraska Class has suffered injury-in-fact and/or actual damage.

1990. Because the Companies' conduct caused injury to Class members' property through violations of the Nebraska CPA, the Nebraska Class seeks recovery of actual damages, as well as enhanced damages up to $1,000, an order enjoining New GM's unfair or deceptive acts and practices, costs of Court, reasonable attorneys' fees, and any other just and proper relief available under NEB. REV. STAT. § 59-1609.

EIGHTY-FIFTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(NEB. REV. STAT. NEB. § 2-314)

1991. In the event the Court declines to certify a nationwide Class, Plaintiffs bring this claim on behalf of the Nebraska Class.

1992. Old GM and New GM were merchants with respect to motor vehicles.

1993. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when Nebraska Class members purchased their Defective Vehicles.

1994. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 164 of 337

1995. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by Nebraska Class members before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

1996. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Nebraska Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

EIGHTY-SIXTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

1997. In the event the Court declines to certify a nationwide Class under Michigan law, Plaintiffs bring this claim on behalf of the Nebraska Class.

1998. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

1999. The Companies knew these representations were false when made.

2000. The vehicles purchased or leased by the Nebraska Class were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2001. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Nebraska Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2002. The aforementioned concealment was material because if it had been disclosed the Nebraska Class would not have bought, leased, or retained their vehicles.

2003. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2004. The Nebraska Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2005. As a result of their reliance, the Nebraska Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2006. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Nebraska Class. Nebraska Class members are therefore entitled to an award of punitive damages.

NEVADA

EIGHTY-SEVENTH CLAIM FOR RELIEF

VIOLATION OF THE NEVADA DECEPTIVE TRADE PRACTICES ACT (NEV. REV. STAT. § 598.0903, *Et. seq.*)

2007. This claim is brought on behalf of Class members who are Nevada residents (the "Nevada Class").

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 5 of 337

2008. The Nevada Deceptive Trade Practices Act ("Nevada DTPA"), NEV. REV. STAT. § 598.0903, *et. seq.* prohibits deceptive trade practices. NEV. REV. STAT. § 598.0915 provides that a person engages in a "deceptive trade practice" if, in the course of business or occupation, the person: "(5) Knowingly makes a false representation as to the characteristics, ingredients, uses, benefits, alterations or quantities of goods or services for sale or lease or a false representation as to the sponsorship, approval, status, affiliation or connection of a person therewith"; "(7) Represents that goods or services for sale or lease are of a particular standard, quality or grade, or that such goods are of a particular style or model, if he or she knows or should know that they are of another standard, quality, grade, style or model"; "(9) Advertises goods or services with intent not to sell or lease them as advertised"; or "(15) Knowingly makes any other false representation in a transaction."

2009. Old GM and New GM both engaged in deceptive trade practices that violated the Nevada DTPA, including: knowingly representing that Defective Vehicles have uses and benefits which they do not have; representing that Defective Vehicles are of a particular standard, quality, and grade when they are not; advertising Defective Vehicles with the intent not to sell or lease them as advertised; representing that the subject of a transaction involving Defective Vehicles has been supplied in accordance with a previous representation when it has not; and knowingly making other false representations in a transaction.

2010. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2011. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 157 of 337

to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Nevada DTPA, and also has successor liability for the violations of Old GM.

2012. As alleged above, both Companies knew of the ignition switch defects, while the Nevada Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2013. The Companies knew or should have known that their conduct violated the Nevada DTPA.

2014. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2015. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2016. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the

defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2017. The Companies each owed the Nevada Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Nevada Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Nevada Class that contradicted these representations.

2018. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Nevada Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2019. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Nevada Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Nevada Class.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 169 of 337

2020. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Nevada Class. Had the Nevada Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2021. All members of the Nevada Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Nevada Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Nevada Class members own vehicles that are not safe.

2022. The Nevada Class has been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2023. Nevada Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Nevada DTPA, and these violations present a continuing risk to the Nevada Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2024. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2025. As a direct and proximate result of the Companies' violations of the Nevada DTPA, the Nevada Class has suffered injury-in-fact and/or actual damage.

2026. Accordingly, the Nevada Class seeks their actual damages, punitive damages, an order enjoining New GM's deceptive acts or practices, costs of Court, attorney's fees, and all other appropriate and available remedies under the Nevada Deceptive Trade Practices Act. NEV. REV. STAT. § 41.600.

EIGHTY-EIGHTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(NEV. REV. STAT. § 104.2314)

2027. In the event the Court declines to certify a nationwide Class, Plaintiffs bring this claim on behalf of the Nevada Class.

2028. Old GM and New GM were merchants with respect to motor vehicles.

2029. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Nevada Class purchased their Defective Vehicles.

2030. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2031. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, internal investigations, and by numerous individual letters and communications sent by the Nevada Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2032. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Nevada Class has been damaged in an amount to be proven at trial. New GM has successor liability for Old GM's breach.

EIGHTY-NINTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2033. In the event the Court declines to certify a nationwide Class, Plaintiffs bring this claim solely on behalf of Class members who are Nevada residents.

2034. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2035. The Companies knew these representations were false when made.

2036. The vehicles purchased or leased by the Nevada Class were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2037. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Nevada Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 172 of 337

2038. The aforementioned concealment was material because if it had been disclosed the Nevada Class would not have bought, leased, or retained their vehicles.

2039. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2040. The Nevada Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing, or retaining the Defective Vehicles.

2041. As a result of their reliance, the Nevada Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2042. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Nevada Class. Nevada Class members are therefore entitled to an award of punitive damages.

NEW HAMPSHIRE

NINETIETH CLAIM FOR RELIEF

VIOLATION OF N.H. CONSUMER PROTECTION ACT (N.H. REV. STAT. ANN. § 358-A:1, Et. seq.)

2062. This claim is brought on behalf of Class members who are New Hampshire residents (the "New Hampshire Class").

2063. The New Hampshire Class, Old GM and New GM are or were "person[s]" under the New Hampshire Consumer Protection Act ("New Hampshire CPA"), N.H. REV. STAT. ANN. § 358-A:1.

2064. The Companies' actions as set forth herein occurred in the conduct of trade or commerce as defined under N.H. REV. STAT. ANN. § 358-A:1.

2065. The New Hampshire CPA prohibits a person, in the conduct of any trade or commerce, from using "any unfair or deceptive act or practice," including "but… not limited to, the following:…(V) Representing that goods or services have… characteristics,… uses, benefits, or quantities that they do not have;" "(VII) Representing that goods or services are of a particular standard, quality, or grade,… if they are of another;" and "(IX) Advertising goods or services with intent not to sell them as advertised." N.H. REV. STAT. ANN. § 358-A:2.

2066. The Companies both participated in unfair or deceptive acts or practices that violated the New Hampshire CPA as described above and below. By failing to disclose and actively concealing the dangerous risk of ignition switch movement, engine shutdown, and airbag disabling in Defective Vehicles, the Companies engaged in deceptive business practices prohibited by the CPA, including representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard, quality, and grade when they are not; advertising Defective Vehicles with the intent not to sell or lease them as advertised; representing that the subject of a transaction involving Defective Vehicles has been supplied in accordance with a previous representation when it has not; and engaging in other unconscionable, false, misleading, or deceptive acts or practices in the conduct of trade or commerce.

2067. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the New Hampshire CPA, and also has successor liability for the violations of Old GM.

2068. As alleged above, both Companies knew of the ignition switch defects, while the New Hampshire Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2069. The Companies knew or should have known that their conduct violated the New Hampshire CPA.

2070. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2071. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2072. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2073. The Companies each owed the New Hampshire Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the New Hampshire Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the New Hampshire Class that contradicted these representations.

2074. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the New Hampshire Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2075. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the New Hampshire Class about the true safety and

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 376 of 387

reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the New Hampshire Class.

2076. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the New Hampshire Class. Had the New Hampshire Class Members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2077. All members of the New Hampshire Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The New Hampshire Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the New Hampshire Class owns vehicles that are not safe.

2078. The New Hampshire Class Members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2079. New Hampshire Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the New Hampshire CPA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2080. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2081. As a direct and proximate result of the Companies' violations of the New Hampshire CPA, the New Hampshire Class has suffered injury-in-fact and/or actual damage.

2082. Because the Companies' willful conduct caused injury to New Hampshire Class members' property through violations of the New Hampshire CPA, the New Hampshire Class seeks recovery of actual damages or $1,000, whichever is greater, treble damages, costs and reasonable attorneys' fees, an order enjoining New GM's unfair and/or deceptive acts and practices, and any other just and proper relief under N.H. REV. STAT. § 358-A:10.

NINETY-FIRST CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (N.H. REV. STAT. ANN. § 382-A:2-314)

2083. In the event the Court declines to certify a nationwide Class, this claim is brought on behalf of Class members who are New Hampshire residents.

2084. Old GM and New GM were merchants with respect to motor vehicles.

2085. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the New Hampshire Class Members purchased their Defective Vehicles.

2086. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 578 of 837

Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2087. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and communications sent by the New Hampshire Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2088. As a direct and proximate result of Old GM's breach of the warranties of merchantability, the New Hampshire Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach

NINETY-SECOND CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2089. In the event the Court declines to certify a nationwide Class, this claim is brought on behalf of Class members who are New Hampshire residents.

2090. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2091. The Companies knew these representations were false when made.

2092. The vehicles purchased or leased by the New Hampshire Class was, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2093. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 579 of 337

event of a collision because the New Hampshire Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2094. The aforementioned concealment was material because if it had been disclosed the New Hampshire Class would not have bought, leased or retained their vehicles.

2095. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2096. The New Hampshire Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2097. As a result of their reliance, the New Hampshire Class Members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2098. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the New Hampshire Class, who are therefore entitled to an award of punitive damages.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 530 of 337

NEW JERSEY

NINETY-THIRD CLAIM FOR RELIEF

VIOLATION OF NEW JERSEY CONSUMER FRAUD ACT (N.J. STAT. ANN. § 56:8-1, *Et. seq.*)

2099. This claim is on behalf of Class members who are New Jersey residents (the "New Jersey Class").

2100. The New Jersey Class, New GM and Old GM are or were "person[s]" within the meaning of N.J. STAT. ANN. § 56:8-1(d).

2101. Old GM and New GM engaged in the "sale" of "merchandise" within the meaning of N.J. STAT. ANN. § 56:8-1(c), (d).

2102. The New Jersey Consumer Fraud Act ("New Jersey CFA") makes unlawful "[t]he act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing concealment, suppression or omission of any material fact with the intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby…" N.J. STAT. ANN. § 56:8-2. The Companies engaged in unconscionable or deceptive acts or practices that violated the New Jersey CFA as described above and below, and did so with the intent that Class members rely upon their acts, concealment, suppression or omissions.

2103. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the New Jersey CFA, and also has successor liability for the violations of Old GM.

2104. As alleged above, both Companies knew of the ignition switch defects, while the New Jersey Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2105. The Companies knew or should have known that their conduct violated the New Jersey CFA.

2106. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2107. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2108. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 182 of 337

to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2109. The Companies each owed the New Jersey Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the New Jersey Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the New Jersey Class that contradicted these representations.

2110. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the New Jersey Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2111. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the New Jersey Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the New Jersey Class.

2112. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the New Jersey Class. Had the New Jersey Class known

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 533 of 687

that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2113. All members of the New Jersey Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The New Jersey Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the New Jersey Class owns vehicles that are not safe.

2114. The New Jersey Class Members have been damaged by the Companies' misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase the them—let alone pay what would otherwise be fair market value for the vehicles.

2115. New Jersey Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the New Jersey CFA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/10/14 Page 534 of 637

2116. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2117. As a direct and proximate result of the Companies' violations of the New Jersey CFA, the New Jersey Class has suffered injury-in-fact and/or actual damage.

2118. The New Jersey Class is entitled to recover legal and/or equitable relief including an order enjoining New GM's unlawful conduct, treble damages, costs and reasonable attorneys' fees pursuant to N.J. STAT. ANN. § 56:8-19, and any other just and appropriate relief.

2119. Pursuant to N.J. STAT. ANN. § 56:8-20, the New Jersey Class will mail a copy of the complaint to New Jersey's Attorney General within ten (10) days of filing it with the Court.

NINETY-FOURTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(N.J. STAT. ANN. § 12A:2-314)

2120. In the event the Court declines to certify a nationwide Class, this claim is brought on behalf of Class members who are New Jersey residents.

2121. Old GM and New GM were merchants with respect to motor vehicles.

2122. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the New Jersey Class purchased their Defective Vehicles.

2123. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2124. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and communications sent by the New Jersey Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2125. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the New Jersey Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

NINETY-FIFTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2126. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are New Jersey residents.

2127. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2128. The Companies knew these representations were false when made.

2129. The vehicles purchased or leased by the New Jersey Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2130. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the New Jersey Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2131. The aforementioned concealment was material because if it had been disclosed the New Jersey Class would not have bought, leased or retained their vehicles.

2132. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2133. The New Jersey Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements – in purchasing, leasing or retaining the Defective Vehicles.

2134. As a result of their reliance, the New Jersey Class Members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2135. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the New Jersey Class, who are therefore entitled to an award of punitive damages.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 537 of 837

NEW MEXICO

NINETY-SIXTH CLAIM FOR RELIEF

VIOLATIONS OF THE NEW MEXICO UNFAIR TRADE PRACTICES ACT (N.M. STAT. ANN. § 57-12-1, *et. seq.*)

2136. This claim is on behalf of Class members who are New Mexico residents (the "New Mexico Class").

2137. Old GM, New GM, and the New Mexico Class members are or were "person[s]" under the New Mexico Unfair Trade Practices Act ("New Mexico UTPA"), N.M. STAT. ANN. § 57-12-2.

2138. The Companies' actions as set forth herein occurred in the conduct of trade or commerce as defined under N.M. STAT. ANN. § 57-12-2.

2139. The New Mexico UTPA makes unlawful "a false or misleading oral or written statement, visual description or other representation of any kind knowingly made in connection with the sale, lease, rental or loan of goods or services… by a person in the regular course of the person's trade or commerce, that may, tends to or does deceive or mislead any person," including but not limited to "(14) failing to state a material fact if doing so deceives or tends to deceive." N.M. STAT. ANN. § 57-12-2(D)(14). The Companies' acts and omissions described herein constitute unfair or deceptive acts or practices under N.M. STAT. ANN. § 57-12-2(D). In addition, the Companies' actions constitute unconscionable actions under N.M. STAT. ANN. § 57-12-2(E), since they took advantage of the lack of knowledge, ability, experience, and capacity of the New Mexico Class members to a grossly unfair degree.

2140. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 538 of 337

to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the New Mexico UTPA, and also has successor liability for the violations of Old GM.

2141. As alleged above, both Companies knew of the ignition switch defects, while the New Mexico Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2142. The Companies knew or should have known that their conduct violated the New Mexico UTPA.

2143. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2144. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2145. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 139 of 337

defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2146. The Companies each owed the New Mexico Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the New Mexico Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the New Mexico Class that contradicted these representations.

2147. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the New Mexico Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2148. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the New Mexico Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the New Mexico Class.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 590 of 837

2149. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the New Mexico Class. Had the New Mexico Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2150. All members of the New Mexico Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The New Mexico Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the New Mexico Class owns vehicles that are not safe.

2151. The New Mexico Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2152. The New Mexico Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the New Mexico UTPA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2153. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2154. As a direct and proximate result of the Companies' violations of the New Mexico UTPA, and the New Mexico Class has suffered injury-in-fact and/or actual damage.

2155. New Mexico Class members seek punitive damages against New GM because the Companies' conduct was malicious, willful, reckless, wanton, fraudulent and in bad faith. The Companies fraudulently and willfully misrepresented the safety and reliability of New GM-branded vehicles, deceived New Mexico Class members on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting the myriad flaws in the New GM-branded vehicles the Companies repeatedly promised New Mexico Class members were safe. Because the Companies' conduct was malicious, willful, reckless, wanton, fraudulent and in bad faith, it warrants punitive damages.

2156. Because the Companies' unconscionable, willful conduct caused actual harm to Class members, the Class seeks recovery of actual damages or $100, whichever is greater, discretionary treble damages or $300 (whichever is greater), punitive damages, and reasonable attorneys' fees and costs, as well as all other proper and just relief available under N.M. STAT. ANN. § 57-12-10.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 592 of 837

NINETY-SEVENTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(N.M. STAT. ANN. § 55-2-314)

2157. In the event the Court declines to certify a nationwide Class, this claim is brought on behalf of Class members who are New Mexico residents.

2158. Old GM and New GM were a merchants with respect to motor vehicles.

2159. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the New Mexico Class purchased their Defective Vehicles.

2160. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision. .

2161. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and communications sent by the New Mexico Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2162. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the New Mexico Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 193 of 337

NINETY-EIGHTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2163. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are New Mexico residents.

2164. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2165. The Companies knew these representations were false when made.

2166. The vehicles purchased or leased by the New Mexico Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2167. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the New Mexico Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2168. The aforementioned concealment was material because if it had been disclosed they would not have bought, leased or retained their vehicles.

2169. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2170. The New Mexico Class relied on the Companies' reputation – along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements – in purchasing, leasing or retaining the Defective Vehicles.

2171. As a result of their reliance, the New Mexico Class Members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2172. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the New Mexico Class, who are therefore entitled to an award of punitive damages.

NEW YORK

NINETY-NINTH CLAIM FOR RELIEF

DECEPTIVE ACTS OR PRACTICES
(N.Y. GEN. BUS. LAW § 349 AND 350)

2173. This claim is on behalf of Class members residing in New York (the "New York Class").

2174. The New York Class members are "person[s]" within the meaning of New York General Business Law ("New York GBL"), N.Y. GEN. BUS. LAW § 349(h).

2175. New GM is, and Old GM was, a "person," "firm," "corporation," or "association" within the meaning of N.Y. GEN. BUS. LAW § 349(b).

2176. The New York GBL makes unlawful "[d]eceptive acts or practices in the conduct of any business, trade or commerce." N.Y. GEN. BUS. LAW § 349. The Companies' conduct, as described above and below, constitutes "deceptive acts or practices" within the meaning of the New York GBL. Furthermore, the Companies' deceptive acts and practices,

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 595 of 337

which were intended to mislead consumers who were in the process of purchasing and/or leasing the Defective Vehicles, was conduct directed at consumers.

2177. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2178. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the New York GBL, and also has successor liability for the violations of Old GM.

2179. As alleged above, both Companies knew of the ignition switch defects, while the New York Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2180. The Companies knew or should have known that their conduct violated the New York GBL.

2181. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 596 of 337

2182. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2183. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2184. The Companies each owed the New York Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the New York Class s; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the New York Class that contradicted these representations.

2185. The Defective Vehicles posed and /or pose an unreasonable risk of death or serious bodily injury to the New York Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2186. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the New York Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the New York Class.

2187. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the New York Class. Had the New York Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2188. All members of the New York Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The New York Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the New York Class owns vehicles that are not safe.

2189. The New York Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2190. The New York Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the New York GBL, and these violations present a continuing risk to the New York Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2191. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2192. As a direct and proximate result of the Companies' violations of the New York GBL, the New York Class has suffered injury-in-fact and/or actual damage.

2193. New York Class members seek punitive damages against New GM because the Companies' conduct was egregious. The Companies misrepresented the safety and reliability of millions of New GM-branded vehicles, concealed myriad defects in millions of New GM-branded vehicles and the systemic safety issues plaguing the Company, deceived Class members on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting the serious flaw in its culture and in millions of New GM-branded vehicles. The Companies' egregious conduct warrants punitive damages.

2194. Because the Companies' willful and knowing conduct caused injury to Class members, the New York Class seeks recovery of actual damages or $50, whichever is greater, discretionary treble damages up to $1,000, punitive damages, reasonable attorneys' fees and costs, an order enjoining New GM's deceptive conduct, and any other just and proper relief available under N.Y. GEN. BUS. LAW § 349.

ONE HUNDREDTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (N.Y. U.C.C. § 2-314)

2195. In the event the Court declines to certify a nationwide Class, this claim is brought on behalf of Class members who are New York residents.

2196. Old GM and New GM are merchants with respect to motor vehicles.

2197. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the New York Class purchased their Defective Vehicles.

2198. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision. .

2199. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and communications sent by the New York Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2200. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the New York Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

ONE HUNDRED FIRST CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2201. In the event the Court declines to certify a nationwide Class, this claim is brought solely on behalf of Class members who are New York residents.

2202. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2203. The Companies knew these representations were false when made.

2204. The vehicles purchased or leased by the New York Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2205. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the New York Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2206. The aforementioned concealment was material because if it had been disclosed the New York Class would not have bought, leased or retained their vehicles.

2207. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/14/15 Page 291 of 337

2208. The New York Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2209. As a result of their reliance, the New York Class have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2210. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the New York Class, who are therefore entitled to an award of punitive damages.

ONE HUNDRED SECOND CLAIM FOR RELIEF

VIOLATION OF NEW YORK'S FALSE ADVERTISING ACT (N.Y. GEN. BUS. LAW § 350) (Asserted on Behalf of the New York Class)

2211. This claim is brought on behalf of the New York Class.

2212. Old GM and New GM have been are New GM is engaged in the "conduct of… business, trade or commerce" within the meaning of N.Y. GEN. BUS. LAW § 350.

2213. NEW YORK GEN. BUS. LAW § 350 makes unlawful "[f]alse advertising in the conduct of any business, trade or commerce." False advertising includes "advertising, including labeling, of a commodity… if such advertising is misleading in a material respect," taking into account "the extent to which the advertising fails to reveal facts material in light of… representations [made] with respect to the commodity.…" N.Y. GEN. BUS. LAW § 350-a.

2214. Old GM and New GM caused to be made or disseminated through New York, through advertising, marketing and other publications, statements that were untrue or misleading, and that were known, or which by the exercise of reasonable care should have been known to them, to be untrue and misleading to consumers and New York Class.

2215. Old GM and New GM have violated § 350 because the misrepresentations and omissions regarding the Defects, as set forth above, were material and likely to deceive a reasonable consumer.

2216. The New York Class has suffered an injury, including the loss of money or property, as a result of New GM's false advertising. In purchasing or leasing their vehicles, the New York Class relied on the misrepresentation and/or omissions relating to the safety and reliability of the Defective Vehicles. Those representations were false and/or misleading because the Defects may cause the engine to shutdown, disabling power steering, power brakes, and disabling deployment of safety airbags. Had the New York Class known this, they would not have purchased or leased their Defective Vehicles and/or paid as much for them.

2217. Pursuant to N.Y. GEN. BUS. LAW § 350-e, the New York Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $500 each for each New York Class Member. Because the conduct was committed willfully and knowingly, the New York Class is entitled to recover three times actual damages, up to $10,000, for each New York Class Member.

2218. The New York Class also seeks an order enjoining the unfair, unlawful, and/or deceptive practices, attorneys' fees, and any other just and proper relief available under N.Y. GEN. BUS. LAW §§ 349–350.

NORTH CAROLINA

ONE HUNDRED THIRD CLAIM FOR RELIEF

VIOLATION OF NORTH CAROLINA'S UNFAIR AND DECEPTIVE ACTS AND PRACTICES ACT (N.C. GEN. STAT. § 75-1.1 *et. seq.*)

2219. This claim is on behalf of Class members who are North Carolina residents (the "North Carolina Class").

2220. New GM and Old GM engaged in "commerce" within the meaning of N.C. GEN. STAT. § 75-1.1(b).

2221. The North Carolina Act broadly prohibits "unfair or deceptive acts or practices in or affecting commerce." N.C. GEN. STAT. § 75-1.1(a). As alleged above and below, the Companies willfully committed unfair or deceptive acts or practices in violation of the North Carolina Act.

2222. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the North Carolina Act, and also has successor liability for the violations of Old GM.

2223. As alleged above, both Companies knew of the ignition switch defects, while the North Carolina Class was deceived by the Companies' omission into believing the

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 294 of 337

Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2224. The Companies knew or should have known that their conduct violated the North Carolina Act.

2225. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2226. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2227. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2228. The Companies each owed the North Carolina Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 295 of 337

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the North Carolina Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the North Carolina Class that contradicted these representations.

2229. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the North Carolina Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2230. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the North Carolina Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the North Carolina Class.

2231. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the North Carolina Class. Had the North Carolina Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2232. The North Carolina Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The North Carolina Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective

Case 1:14-md-02543-JMF Document 1379-2 Filed 10/13/15 Page 296 of 337

Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the North Carolina Class own vehicles that are not safe.

2233. The North Carolina Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2234. North Carolina Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the North Carolina Act, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2235. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2236. As a direct and proximate result of the Companies' violations of the North Carolina Act, the North Carolina Class has suffered injury-in-fact and/or actual damage.

2237. North Carolina Class members seek punitive damages against New GM because the Companies' conduct was malicious, willful, reckless, wanton, fraudulent and in bad faith. The Companies fraudulently and willfully misrepresented the safety and reliability of the Defective Vehicles, deceived North Carolina Class members on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting the myriad flaws in the Defective Vehicles it repeatedly promised Class members were safe. Because the Companies' conduct was malicious, willful, reckless, wanton, fraudulent and in bad faith, it warrants punitive damages.

2238. Plaintiffs seek an order for treble their actual damages, an order enjoining New GM's unlawful acts, costs of Court, attorney's fees, and any other just and proper relief available under N.C. GEN. STAT. § 75-16.

ONE HUNDRED FOURTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(N.C. GEN. STAT. § 25-2-314)

2239. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are North Carolina residents.

2240. Old GM and New GM were merchants with respect to motor vehicles.

2241. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the North Carolina Class purchased their Defective Vehicles.

2242. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2243. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and communications sent by the North Carolina Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2244. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the North Carolina Class have been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

ONE HUNDRED FIFTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2245. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are North Carolina residents.

2246. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2247. The Companies knew these representations were false when made.

2248. The vehicles purchased or leased by the North Carolina Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2249. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the North Carolina Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2250. The aforementioned concealment was material because if it had been disclosed they would not have bought, leased or retained their vehicles.

2251. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2252. The North Carolina Class relied on the Companies' reputation – along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements – in purchasing, leasing or retaining the Defective Vehicles.

2253. As a result of their reliance, the North Carolina Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2254. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the North Carolina Class, who are therefore entitled to an award of punitive damages.

NORTH DAKOTA

ONE HUNDRED SIXTH CLAIM FOR RELIEF

VIOLATION OF THE NORTH DAKOTA CONSUMER FRAUD ACT (N.D. CENT. CODE § 51-15-02)

2255. This claim is on behalf of Class members who are North Dakota residents (the "North Dakota Class").

2256. The North Dakota Class members, Old GM and New GM are or were "persons" within the meaning of N.D. CENT. CODE § 51-15-02.

2257. The Companies engaged in the "sale" of "merchandise" within the meaning of N.D. CENT. CODE § 51-15-02.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 210 of 337

2258. The North Dakota Consumer Fraud Act ("North Dakota CFA") makes unlawful "[t]he act, use, or employment by any person of any deceptive act or practice, fraud, false pretense, false promise, or misrepresentation, with the intent that others rely thereon in connection with the sale or advertisement of any merchandise…." N.D. CENT. CODE § 51-15-02. As set forth above and below, the Companies committed deceptive acts or practices, with the intent that Class members rely thereon in connection with their purchase or lease of the Defective Vehicles.

2259. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the North Dakota CFA, and also has successor liability for the violations of Old GM.

2260. As alleged above, both Companies knew of the ignition switch defects, while the North Dakota Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2261. The Companies knew or should have known that their conduct violated the North Dakota CFA.

2262. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2263. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2264. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2265. The Companies each owed the North Dakota Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the North Dakota Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the North Dakota Class that contradicted these representations.

2266. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the North Dakota Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2267. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the North Dakota Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the North Dakota Class.

2268. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the North Dakota Class. Had the North Dakota Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2269. The North Dakota Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The North Dakota Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the North Dakota Class owns vehicles that are not safe.

2270. The North Dakota Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2271. North Dakota Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the North Dakota CFA, and these violations present a continuing risk to the North Dakota Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2272. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2273. As a direct and proximate result of the Companies' violations of the North Dakota CFA, the North Dakota Class has suffered injury-in-fact and/or actual damage.

2274. North Dakota Class members seek punitive damages against New GM because the Companies' conduct was egregious. The Companies misrepresented the safety and reliability of millions of Defective Vehicles, concealed myriad defects in millions of Defective Vehicles and the systemic safety issues plaguing the Company, deceived North Dakota Class members on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting the serious flaw in

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 294 of 337

its culture and in millions of New GM-branded vehicles. The Companies' egregious conduct warrants punitive damages.

2275. Further, the Companies knowingly committed the conduct described above, and thus, under N.D. CENT. CODE § 51-15-09, New GM is liable to the North Dakota Class for treble damages in amounts to be proven at trial, as well as attorneys' fees, costs, and disbursements. The North Dakota Class further seeks an order enjoining New GM's unfair and/or deceptive acts or practices, and other just and proper available relief under the North Dakota CFA.

ONE HUNDRED SEVENTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (N.D. CENT. CODE § 41-02-31)

2276. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are North Dakota residents.

2277. Old GM and New GM were merchants with respect to motor vehicles.

2278. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the North Dakota Class members purchased their Defective Vehicles.

2279. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2280. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 215 of 337

communications sent by the North Dakota Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2281. As a direct and proximate result of Old GM's breach of the warranties of merchantability, the North Dakota Class has been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

ONE HUNDRED EIGHTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2282. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are North Dakota residents.

2283. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2284. The Companies knew these representations were false when made.

2285. The Defective Vehicles were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2286. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the North Dakota Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2287. The aforementioned concealment was material because if it had been disclosed they would not have bought, leased or retained their vehicles.

2288. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 216 of 337

vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2289. The North Dakota Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2290. As a result of their reliance, the North Dakota Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2291. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the North Dakota Class, who are therefore entitled to an award of punitive damages.

OHIO

ONE HUNDRED NINTH CLAIM FOR RELIEF

VIOLATION OF OHIO CONSUMER SALES PRACTICES ACT (OHIO REV. CODE ANN. § 1345.01, *et. seq.*)

2292. This claim is on behalf of Class members who are Ohio residents (the "Ohio Class").

2293. New GM is and Old GM was a "supplier" as that term is defined in OHIO REV. CODE § 1345.01(C).

Case 1:14-md-02543-JMF Document 379-2 Filed 11/14/14 Page 217 of 337

2294. The Ohio Class members are "consumer[s]" as that term is defined in OHIO REV. CODE § 1345.01(D), and their purchases and leases of the Defective Vehicles are "consumer transaction[s]" within the meaning of OHIO REV. CODE § 1345.01(A).

2295. The Ohio Consumer Sales Practices Act ("Ohio CSPA"), OHIO REV. CODE § 1345.02, broadly prohibits unfair or deceptive acts or practices in connection with a consumer transaction. Specifically, and without limitation of the broad prohibition, the Act prohibits suppliers from representing (i) that goods have characteristics or uses or benefits which they do not have; (ii) that their goods are of a particular quality or grade they are not; and (iii) the subject of a consumer transaction has been supplied in accordance with a previous representation, if it has not. *Id.* The conduct of the Companies as alleged above and below constitutes unfair and/or deceptive consumer sales practices in violation of OHIO REV. CODE ANN. § 1345.02.

2296. By failing to disclose and actively concealing the dangerous risk of ignition switch movement, engine shutdown, and airbag disabling in Defective Vehicles, the Companies engaged in deceptive business practices prohibited by the Ohio CSPA, including: representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard, quality, and grade when they are not; representing that the subject of a transaction involving Defective Vehicles has been supplied in accordance with a previous representation when it has not; and engaging in other unfair or deceptive acts or practices.

2297. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2298. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Ohio CSPA, and also has successor liability for the violations of Old GM.

2299. As alleged above, both Companies knew of the ignition switch defects, while the Ohio Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2300. The Companies knew or should have known that their conduct violated the Ohio CSPA Act.

2301. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2302. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 219 of 337

2303. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2304. The Companies each owed the Ohio Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Ohio Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Ohio Class that contradicted these representations.

2305. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Ohio Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2306. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Ohio Class, about the true safety and reliability of

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 520 of 337

Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Ohio Class.

2307. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Ohio Class. Had the Ohio Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2308. The Ohio Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Ohio Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Ohio Class owns vehicles that are not safe.

2309. The Ohio Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2310. Ohio Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Ohio CSPA, and these violations present a continuing risk to

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 221 of 337

the Ohio Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2311. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2312. As a direct and proximate result of the Companies' violations of the Ohio CSPA, the Ohio Class has suffered injury-in-fact and/or actual damage.

2313. Ohio Class members seek punitive damages against New GM because the Companies' conduct was egregious. The Companies misrepresented the safety and reliability of millions of Defective Vehicles, concealed myriad defects in millions of Defective Vehicles and the systemic safety issues plaguing the Companies, deceived Class members on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting the serious flaw in its culture and in millions of New GM-branded vehicles. The Companies' egregious conduct warrants punitive damages.

2314. The Ohio Class specifically does not allege herein a claim for violation of OHIO REV. CODE § 1345.72.

2315. The Companies were on notice pursuant to OHIO REV. CODE ANN. § 1345.09(B) that their actions constituted unfair, deceptive, and unconscionable practices by, for example, *Mason v. Mercedes-Benz USA, LLC*, No. 85031, 2005 Ohio App. LEXIS 3911, at *33 (S.D. Ohio Aug. 18, 2005), and *Lilly v. Hewlett-Packard Co.*, No. 1:05-CV-465 , 2006 U.S. Dist. LEXIS 22114, at *17-18 (S.D. Ohio Apr. 21, 2006). Further, the Companies' conduct as alleged above constitutes an act or practice previously declared to be deceptive or unconscionable by rule adopted under division (B)(2) of section 1345.05 and previously determined by Ohio courts to violate Ohio's Consumer Sales Practices Act and was committed after the decisions containing these determinations were made available for public inspection under division (A)(3) of O.R.C. § 1345.05. The applicable rule and Ohio court opinions include, but are not limited to: OAC 109:4-3-16; *Mason v. Mercedes-Benz USA, LLC*, OPIF # 10002382, 2005 Ohio 4296 (Ohio Ct. App. 2005); *Khouri v. Lewis*, OPIF # 10001995, Cuyahoga Common Pleas No. 342098 (2001); *State ex rel. Montgomery v. Canterbury*, Franklin App. No. 98CVH054085 (2000); *Fribourg v. Vandemark* (July 26, 1999), Clermont App. No CA99-02-017, unreported (PIF # 10001874); *State ex rel. Betty D. Montgomery v. Ford Motor Co.*, OPIF #10002123; *State ex rel. Betty D. Montgomery v. Bridgestone/Firestone, Inc.*, OPIF #10002025; *Bellinger v. Hewlett-Packard Co.*, OPIF #10002077, No. 20744, 2002 Ohio App. LEXIS 1573 (Ohio Ct. App. Apr. 10, 2002); *Borror v. MarineMax of Ohio*, OPIF #10002388, No. OT-06-010, 2007 Ohio App. LEXIS 525 (Ohio Ct. App. Feb. 9, 2007); *State ex rel. Jim Petro v. Craftmatic Organization, Inc.*, OPIF #10002347; *Mark J. Cranford, et al v. Joseph Airport Ford, Inc.*, OPIF #10001586; State ex rel. *William J. Brown v. Harold Lyons, et al.*, OPIF #10000304; *Brinkman v. Mazda Motor of America, Inc.*, OPIF #10001427; *Mosley v. Performance Mitsubishi aka Automanage*, OPIF #10001326; *Walls v. Harry Williams dba Butch's Auto Sales*, OPIF #10001524; and, *Brown v. Spears*, OPIF #10000403.

2316. As a result of the foregoing wrongful conduct of New GM, the Ohio Class has been damaged in an amount to be proven at trial, and seek all just and proper remedies, including, but not limited to, actual and statutory damages, an order enjoining New GM's deceptive and unfair conduct, treble damages, court costs and reasonable attorneys' fees, pursuant to OHIO REV. CODE § 1345.09, *et. seq.*

ONE HUNDRED TENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2317. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are Ohio residents.

2318. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2319. The Companies knew these representations were false when made.

2320. The vehicles purchased or leased by the Ohio Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2321. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Ohio Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2322. The aforementioned concealment was material because if it had been disclosed the Ohio Class would not have bought, leased or retained their vehicles.

2323. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2324. The Ohio Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2325. As a result of their reliance, the Ohio Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2326. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Ohio Class, who are therefore entitled to an award of punitive damages.

ONE HUNDRED ELEVENTH CLAIM FOR RELIEF

IMPLIED WARRANTY IN TORT
(On Behalf of the Ohio Class)

2327. This claim is on behalf of the Ohio Class.

2328. The Vehicles contained a design defect, namely, a faulty ignition system that fails under reasonably foreseeable use, resulting in loss of brakes, power steering, and airbags, among others, as detailed herein more fully.

2329. The design, manufacturing, and/or assembly defects existed at the time these Vehicles containing the defective ignition systems left the possession or control of Old GM.

2330. Based upon the dangerous product defects, Old GM and then New GM failed to meet the expectations of a reasonable consumer. The Vehicles failed their ordinary, intended use because the ignition systems in the Vehicles do not function as a reasonable consumer would expect. Moreover, it presents a serious danger to the Ohio Class that cannot be eliminated without significant cost.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 225 of 337

2331. The design defects in the Vehicles were the direct and proximate cause of economic damages to the Ohio Class.

OKLAHOMA

ONE HUNDRED TWELFTH CLAIM FOR RELIEF

VIOLATION OF OKLAHOMA CONSUMER PROTECTION ACT (OKLA. STAT. TIT. 15 § 751, *et. seq.*)

2332. This claim is on behalf of Class members who are Oklahoma residents (the "Oklahoma Class").

2333. Oklahoma Class members are "persons" under the Oklahoma Consumer Protection Act ("Oklahoma CPA"), OKLA. STAT. TIT. 15 § 752.

2334. Old GM was, and New GM is a "person," "corporation," or "association" within the meaning of OKLA. STAT. TIT. 15 § 15-751(1).

2335. The sale or lease of the Defective Vehicles to the Oklahoma Class members was a "consumer transaction" within the meaning of OKLA. STAT. TIT. 15 § 752, and the Companies' actions as set forth herein occurred in the conduct of trade or commerce.

2336. The Oklahoma CPA declares unlawful, *inter* alia, the following acts or practices when committed in the course of business: "mak[ing] a false or misleading representation, knowingly or with reason to know, as to the characteristics…, uses, [or] benefits, of the subject of a consumer transaction," or making a false representation, "knowingly or with reason to know, that the subject of a consumer transaction is of a particular standard, style or model, if it is of another or "[a]dvertis[ing], knowingly or with reason to know, the subject of a consumer transaction with intent not to sell it as advertised;" and otherwise committing "an unfair or deceptive trade practice." *See* OKLA. STAT. TIT. 15, § 753.

2337. By failing to disclose and actively concealing the dangerous risk of ignition switch movement, engine shutdown, and airbag disabling in Defective Vehicles, the Companies engaged in unfair and deceptive business practices prohibited by the Oklahoma CPA, including: representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard, quality, and grade when they are not; and advertising Defective Vehicles with the intent not to sell or lease them as advertised; misrepresenting, omitting and engaging in other practices that have deceived or could reasonably be expected to deceive or mislead; and engaging in practices which offend established public policy or are immoral, unethical, oppressive, unscrupulous or substantially injurious to consumers.

2338. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Oklahoma CPA, and also has successor liability for the violations of Old GM.

2339. As alleged above, both Companies knew of the ignition switch defects, while the Oklahoma Class was deceived by the Companies' omission into believing the Defective

Vehicles were safe, and the information could not have reasonably been known by the consumer.

2340. The Companies knew or should have known that their conduct violated the Oklahoma CPA.

2341. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2342. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2343. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2344. The Companies each owed the Oklahoma Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 228 of 337

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Oklahoma Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Oklahoma Class that contradicted these representations.

2345. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Oklahoma Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2346. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Oklahoma Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Oklahoma Class.

2347. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Oklahoma Class. Had the Oklahoma Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2348. The Oklahoma Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Oklahoma Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 229 of 337

Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Oklahoma Class own vehicles that are not safe.

2349. The Oklahoma Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2350. Oklahoma Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the Oklahoma CPA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2351. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2352. As a direct and proximate result of the Companies' violations of the Oklahoma CPA, the Oklahoma Class has suffered injury-in-fact and/or actual damage.

2353. Oklahoma Class members seek punitive damages against New GM because the Companies' conduct was egregious. The Companies misrepresented the safety and reliability of millions of Defective Vehicles, concealed myriad defects in millions of Defective Vehicles and the systemic safety issues plaguing the Companies, deceived Oklahoma Class members on life-or-death matters, and concealed material facts that only it knew, all to avoid the

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 580 of 837

expense and public relations nightmare of correcting the serious flaw in its culture and in millions of New GM-branded vehicles. The Companies' egregious conduct warrants punitive damages.

2354. The Companies' conduct as alleged herein was unconscionable since (1) the Companies, knowingly or with reason to know, took advantage of consumers reasonably unable to protect their interests because of their age, physical infirmity, ignorance, illiteracy, inability to understand the language of an agreement or similar factor; (2) at the time the consumer transaction was entered into, Old GM knew or had reason to know that price grossly exceeded the price at which similar vehicles were readily obtainable in similar transactions by like consumers; and (3) Old GM knew or had reason to know that the transaction Old GM induced the consumer to enter into was excessively one-sided in favor of Old GM.

2355. Because the Companies' unconscionable conduct caused injury to Oklahoma Class members, the Oklahoma Class seeks recovery of actual damages, discretionary penalties up to $2,000 per violation, and reasonable attorneys' fees, under OKLA. STAT. TIT. 15 § 761.1. The Oklahoma Class further seeks an order enjoining New GM's unfair and/or deceptive acts or practices, and any other just and proper relief available under the Oklahoma CPA.

ONE HUNDRED THIRTEENTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (12A OKLA. STAT. ANN. § 2-314)

2356. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are Oklahoma residents.

2357. Old GM and New GM were merchants with respect to motor vehicles.

2358. A warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions when the Oklahoma Class purchased their Defective Vehicles.

2359. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shutdown of power steering and power brakes and the non-deployment of airbags in the event of a collision. .

2360. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, internal investigations, and by numerous individual letters and communications sent by the Oklahoma Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2361. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Oklahoma Class have been damaged in an amount to be proven at trial. New GM also has successor liability for Old GM's breach.

ONE HUNDRED FOURTEENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2362. In the event the Court declines to certify a nationwide Class, this claim is on behalf of Class members who are Oklahoma residents.

2363. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2364. The Companies knew these representations were false when made.

2365. The vehicles purchased or leased by the Oklahoma Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 232 of 337

shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2366. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shutdown, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Oklahoma Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2367. The aforementioned concealment was material because if it had been disclosed the Oklahoma Class would not have bought, leased or retained their vehicles.

2368. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2369. The Oklahoma Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2370. As a result of their reliance, the Oklahoma Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2371. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Oklahoma Class, who are therefore entitled to an award of punitive damages.

OREGON

ONE HUNDRED FIFTEENTH CLAIM FOR RELIEF

VIOLATION OF THE OREGON UNLAWFUL TRADE PRACTICES ACT (OR. REV. STAT. § 646.605, *et. seq.*)

2372. This claim is brought on behalf of Class members who are Oregon residents (the "Oregon Class")

2373. Old GM was, and New GM is, a person within the meaning of OR. REV. STAT. § 646.605(4).

2374. The Defective Vehicles at issue are "goods" obtained primarily for personal family or household purposes within the meaning of OR. REV. STAT. § 646.605(6).

2375. The Oregon Unfair Trade Practices Act ("Oregon UTPA") prohibits a person from, in the course of the person's business, doing any of the following: "(e) Represent[ing] that… goods… have… characteristics… uses, benefits,… or qualities that [they] do not have; (g) Represent[ing] that… goods… are of a particular standard [or] quality… if they are of another; (i) Advertis[ing]… goods or services with intent not to provide [them] as advertised;" and "(u) engag[ing] in any other unfair or deceptive conduct in trade or commerce." OR. REV. STAT. § 646.608(1).

2376. The Companies engaged in unlawful trade practices, including representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard and quality when they are not; advertising Defective Vehicles with the intent not to sell them as advertised; and engaging in other unfair or deceptive acts.

2377. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2378. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Oregon UTPA, and also has successor liability for the violations of Old GM.

2379. As alleged above, both Companies knew of the ignition switch defects, while the Oregon Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2380. The Companies knew or should have known that their conduct violated the Oregon UTPA.

2381. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 235 of 337

2382. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2383. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2384. The Companies each owed the Oregon Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Oregon Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Oregon Class that contradicted these representations.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 336 of 337

2385. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Oregon Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2386. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Oregon Class.

2387. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Oregon Class. Had the Oregon Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2388. The Oregon Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Oregon Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Oregon Class own vehicles that are not safe.

2389. The Oregon Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, has so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2390. Oregon Class members risk irreparable injury as a result of the Companies' acts and omissions in violation of the Oregon UTPA, and these violations present a continuing risk to the Oregon Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2391. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2392. As a direct and proximate result of the Companies' violations of the Oregon UTPA, the Oregon Class has suffered injury-in-fact and/or actual damage.

2393. The Oregon Class is entitled to recover the greater of actual damages or $200 pursuant to OR. REV. STAT. § 646.638(1). The Oregon Class is also entitled to punitive damages because the Companies engaged in conduct amounting to a particularly aggravated, deliberate disregard of the rights of others.

2394. Pursuant to OR. REV. STAT. § 646.638(2), Plaintiffs will mail a copy of the complaint to Oregon's attorney general.

ONE HUNDRED SIXTEENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT
(BASED ON OREGON LAW)

2395. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Oregon residents.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 238 of 337

2396. As set forth above, Old GM concealed and/or suppressed material facts concerning the safety of its vehicles.

2397. Old GM had a duty to disclose these safety issues because it consistently marketed its vehicles as safe and proclaimed that safety was one of Old GM's highest corporate priorities. Once Old GM made representations to the public about safety, it was under a duty to disclose these omitted facts, because where one does speak one must speak the whole truth and not conceal any facts which materially qualify those facts stated. One who volunteers information must be truthful, and the telling of a half-truth calculated to deceive is fraud.

2398. In addition, Old New GM had a duty to disclose these omitted material facts because they were known and/or accessible only to Old GM who had superior knowledge and access to the facts, and Old GM knew they were not known to or reasonably discoverable by Plaintiffs and the Class. These omitted facts were material because they directly impact the safety of the Defective Vehicles. Whether or not a vehicle inadvertently shuts down, and whether a vehicle's power steering, power brakes and airbags become inoperable during ordinary driving conditions, are material safety concerns. Old GM possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles.

2399. Old GM actively concealed and/or suppressed these material facts, in whole or in part, with the intent to induce the Oregon Class to purchase Defective Vehicles at a higher price for the vehicles, which did not match the vehicles' true value.

2400. New GM still has not made full and adequate disclosure and continues to defraud the Oregon Class.

2401. The Oregon Class members were unaware of these omitted material facts and would not have acted as they did if they had known of the concealed and/or suppressed facts. The Oregon Class' actions were justified. Old GM and New GM were in exclusive control of the material facts and such facts were not known to the public or the Oregon Class.

2402. As a result of the concealment and/or suppression of the facts, the Oregon Class sustained damage. For those Oregon Class members who elect to affirm the sale, these damages, include the difference between the actual value of that which the Oregon Class paid and the actual value of that which they received, together with additional damages arising from the sales transaction, amounts expended in reliance upon the fraud, compensation for loss of use and enjoyment of the property, and/or lost profits. Those who want to rescind their purchases are entitled to restitution and consequential damages.

2403. The Companies' acts were done maliciously, oppressively, deliberately, with intent to defraud, and in reckless disregard of the Oregon Class' rights and well-being to enrich the Companies. The Companies' conduct warrants an assessment of punitive damages in an amount sufficient to deter such conduct in the future, which amount is to be determined according to proof.

PENNSYLVANIA

ONE HUNDRED SEVENTEENTH CLAIM FOR RELIEF

VIOLATION OF THE PENNSYLVANIA UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION LAW (73 P.S. § 201-1, *et. seq.*)

2404. This claim is brought on behalf of Class members who are Pennsylvania residents (the "Pennsylvania Class")

2405. The Class purchased or leased their Defective Vehicles primarily for personal, family or household purposes within the meaning of 73 P.S. § 201-9.2.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 240 of 337

2406. All of the acts complained of herein were perpetrated by the Companies in the course of trade or commerce within the meaning of 73 P.S. § 201-2(3).

2407. The Pennsylvania Unfair Trade Practices and Consumer Protection Law ("Pennsylvania CPL") prohibits unfair or deceptive acts or practices, including: (i) "Representing that goods or services have… characteristics,…. Benefits or qualities that they do not have;" (ii) "Representing that goods or services are of a particular standard, quality or grade…if they are of another;:" (iii) "Advertising goods or services with intent not to sell them as advertised;" and (iv) "Engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or misunderstanding." 73 P.S. § 201-2(4).

2408. The Companies engaged in unlawful trade practices, including representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; representing that Defective Vehicles are of a particular standard and quality when they are not; advertising Defective Vehicles with the intent not to sell them as advertised; and engaging in any other fraudulent or deceptive conduct which creates a likelihood of confusion or of misunderstanding.

2409. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Pennsylvania CPL, and also has successor liability for the violations of Old GM.

2410. As alleged above, both Companies knew of the ignition switch defects, while the Pennsylvania Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2411. The Companies knew or should have known that their conduct violated the Pennsylvania CPL.

2412. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2413. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2414. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. New GM also knew of a serious safety issues and a myriad of serious defects in a host of New GM vehicles. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2415. The Companies each owed the Pennsylvania Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Pennsylvania Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Pennsylvania Class that contradicted these representations.

2416. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Pennsylvania Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2417. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Pennsylvania Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Pennsylvania Class.

2418. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Pennsylvania Class. Had the Pennsylvania Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2419. The Pennsylvania Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Pennsylvania Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Pennsylvania Class owns vehicles that are not safe.

2420. The Pennsylvania Class has been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls has so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2421. Pennsylvania Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Pennsylvania Act, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2422. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2423. As a direct and proximate result of the Companies' violations of the Pennsylvania CPL, the Pennsylvania Class have suffered injury-in-fact and/or actual damage.

2424. New GM is liable to the Pennsylvania Class for treble their actual damages or $100, whichever is greater, and attorneys' fees, costs. 73 P.S. § 201-9.2(a). The Pennsylvania Class are also entitled to an award of punitive damages given that the Companies' conduct was malicious, wanton, willful, oppressive, or exhibited a reckless indifference to the rights of others.

ONE HUNDRED EIGHTEENTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (13 PA. CONS. STAT. ANN. § 2314)

2425. This claim is brought solely on behalf of Class members who are Pennsylvania residents.

2426. Old GM was and New GM is a merchant with respect to motor vehicles.

2427. A warranty that the Defective Vehicles were in merchantable condition was implied by law when Old GM sold the Defective Vehicles to Plaintiffs and the Class.

2428. These vehicles, when sold and at all times thereafter, were not in merchantable condition and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended stalling to occur during ordinary driving conditions; when the vehicles stall, the power brakes and power steering become inoperable and the vehicles' airbags will not deploy,

2429. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, by its own internal investigations, and by numerous individual letters and communications sent by the Pennsylvania Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2430. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Pennsylvania Class has been damaged in an amount to be proven at trial.

ONE HUNDRED NINETEENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2431. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Pennsylvania residents.

2432. As set forth above, both Old GM and New GM concealed and/or suppressed material facts concerning the safety of the Defective Vehicles.

2433. Both Companies had a duty to disclose these safety issues because they consistently marketed their vehicles as safe and proclaimed that safety was one of the Companies' highest corporate priorities. Once the Companies made representations to the public about safety, they were under a duty to disclose these omitted facts, because where one does speak one must speak the whole truth and not conceal any facts which materially qualify those facts stated. One who volunteers information must be truthful, and the telling of a half-truth calculated to deceive is fraud.

2434. In addition, the Companies had a duty to disclose these omitted material facts because they were known and/or accessible only to the Companies who had superior knowledge and access to the facts, and the Companies new they were not known to or reasonably discoverable by the Pennsylvania Class. These omitted facts were material because they directly impact the safety of the Defective Vehicles. Whether or not a vehicle inadvertently shuts down, and whether a vehicle's power steering, power brakes and airbags become inoperable during ordinary driving conditions, are material safety concerns. The

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 246 of 337

Companies possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles.

2435. The Companies actively concealed and/or suppressed these material facts with the intent to induce the Pennsylvania Class to purchase Defective Vehicles at a higher price for the vehicles, which did not match the vehicles' true value. The Companies also concealed and withheld the information in order to prevent a public relations nightmare and harm to the Companies' profits that would result from disclosure.

2436. New GM still has not made full and adequate disclosure and continues to defraud the Pennsylvania Class.

2437. The Pennsylvania Class was unaware of these omitted material facts and would not have acted as they did if they had known of the concealed and/or suppressed facts. The Pennsylvania Class' actions were justified. The Companies were in exclusive control of the material facts and such facts were not known to the public or the Pennsylvania Class.

2438. As a result of the concealment and/or suppression of the facts, the Pennsylvania Class sustained damage. For those who elect to affirm the sale, these damages include the difference between the actual value of that which the Class member paid and the actual value of that which she received, together with additional damages arising from the sales transaction, amounts expended in reliance upon the fraud, compensation for loss of use and enjoyment of the property, and/or lost profits. Those who want to rescind the purchase are entitled to restitution and consequential damages.

2439. The Companies' acts were done maliciously, oppressively, deliberately, with intent to defraud, and in reckless disregard of the Pennsylvania Class' rights and well-being to enrich the Companies. The Companies' conduct warrants an assessment of punitive damages in an amount sufficient to deter such conduct in the future, which amount is to be determined according to proof.

RHODE ISLAND

ONE HUNDRED TWENTIETH CLAIM FOR RELIEF

VIOLATION OF THE RHODE ISLAND UNFAIR TRADE PRACTICES AND CONSUMER PROTECTION ACT
(R.I. GEN. LAWS § 6-13.1, *et. seq.*)

2440. This claim is brought solely on behalf of Class members who are Rhode Island residents (the "Rhode Island Class").

2441. The Rhode Island Class members purchased or leased one or more Defective Vehicles primarily for personal, family, or household purposes within the meaning of R.I. GEN. LAWS § 6-13.1-5.2(a).

2442. Rhode Island's Unfair Trade Practices and Consumer Protection Act ("Rhode Island CPA") prohibits "unfair or deceptive acts or practices in the conduct of any trade or commerce" including: "(v) Representing that goods or services have sponsorship, approval, characteristics, ingredients, uses, benefits, or quantities that they do not have"; "(vii) Representing that goods or services are of a particular standard, quality, or grade…, if they are of another"; "(ix) Advertising goods or services with intent not to sell them as advertised"; "(xii) Engaging in any other conduct that similarly creates a likelihood of confusion or of misunderstanding"; "(xiii) Engaging in any act or practice that is unfair or deceptive to the consumer"; and "(xiv) Using any other methods, acts or practices which mislead or deceive members of the public in a material respect." R.I. GEN. LAWS § 6-13.1-1(6).

2443. The Companies engaged in unlawful trade practices, including: (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 248 of 337

standard and quality when they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; and (4) otherwise engaging in conduct that is unfair or deceptive and likely to deceive.

2444. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2445. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Rhode Island CPA, and also has successor liability for the violations of Old GM.

2446. As alleged above, both Companies knew of the ignition switch defects, while the Rhode Island Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2447. The Companies knew or should have known that their conduct violated the Rhode Island CPA.

2448. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 249 of 337

2449. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shutdown in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2450. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2451. The Companies each owed the Rhode Island Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Rhode Island Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Rhode Island Class that contradicted these representations.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 250 of 337

2452. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Rhode Island Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2453. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Rhode Island Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Rhode Island Class.

2454. The propensity of the Defective Vehicles to inadvertently shutdown during ordinary operation was material to the Rhode Island Class. Had they known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2455. The Rhode Island Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Rhode Island Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Rhode Island Class owns vehicles that are not safe.

2456. The Rhode Island Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls has so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2457. The Rhode Island Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Rhode Island CPA, and these violations present a continuing risk to them as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2458. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2459. As a direct and proximate result of the Companies' violations of the Rhode Island CPA, the Rhode Island Class have suffered injury-in-fact and/or actual damage.

2460. The Rhode Island Class are entitled to recover the greater of actual damages or $200 pursuant to R.I. GEN. LAWS § 6-13.1-5.2(a). The Rhode Island Class also seeks punitive damages in the discretion of the Court because of the Companies' egregious disregard of consumer and public safety and its long-running concealment of the serious safety defects and their tragic consequences.

ONE HUNDRED TWENTY-FIRST CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY
(R.I. GEN. LAWS § 6A-2-314)

2461. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Rhode Island residents.

2462. Old GM and New GM were merchants with respect to motor vehicles.

2463. A warranty that the Defective Vehicles were in merchantable condition was implied by law when the Rhode Island Class purchased their Defective Vehicles.

2464. These vehicles, when sold and at all times thereafter, were not in merchantable condition and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended stalling to occur during ordinary driving conditions; when the vehicles stall, the power brakes and power steering become inoperable and the vehicles' airbags will not deploy,

2465. Old GM and New GM were provided notice of these issues by numerous complaints filed against it, by its own internal investigations, and by numerous individual letters and communications sent by the Rhode Island Class before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2466. As a direct and proximate result of Old GM and New GM's breach of the warranties of merchantability, the Rhode Island Class has been damaged in an amount to be proven at trial.

ONE HUNDRED TWENTY-SECOND CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2467. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of Class members who are Rhode Island residents.

2468. As set forth above, Both Old GM and New GM concealed and/or suppressed material facts concerning the safety of the Defective Vehicles.

2469. The Companies had a duty to disclose these safety issues because they consistently marketed their vehicles as safe and proclaimed that safety was one of the Companies' highest corporate priorities. Once the Companies made representations to the public about safety, they were under a duty to disclose these omitted facts, because where one does speak one must speak the whole truth and not conceal any facts which materially qualify those facts stated. One who volunteers information must be truthful, and the telling of a half-truth calculated to deceive is fraud.

2470. In addition, the Companies had a duty to disclose these omitted material facts because they were known and/or accessible only to the Companies who had superior knowledge and access to the facts, and the Companies knew they were not known to or reasonably discoverable by the Rhode Island Class. These omitted facts were material because they directly impact the safety of the Defective Vehicles. Whether or not a vehicle inadvertently shuts down, and whether a vehicle's power steering, power brakes and airbags become inoperable during ordinary driving conditions, are material safety concerns. The Companies possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles.

2471. The Companies actively concealed and/or suppressed these material facts with the intent to induce the Rhode Island Class to purchase Defective Vehicles at a higher price for the vehicles, which did not match the vehicles' true value. The Companies also concealed and withheld the information in order to prevent a public relations nightmare and harm to the Companies' profits that would result from disclosure.

2472. The Rhode Island Class members were unaware of these omitted material facts and would not have acted as they did if they had known of the concealed and/or suppressed facts. The Rhode Island Class' actions were justified. The Companies were in exclusive control of the material facts and such facts were not known to the public or the Rhode Island Class.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 254 of 337

2473. As a result of the concealment and/or suppression of the facts, the Rhode Island Class sustained damage. For those who elect to affirm the sale, these damages include the difference between the actual value of that which the Rhode Island Class member paid and the actual value of what she received, together with additional damages arising from the sales transaction, amounts expended in reliance upon the fraud, compensation for loss of use and enjoyment of the property, and/or lost profits. Those who want to rescind the purchase are entitled to restitution and consequential damages.

2474. The Companies' acts were done maliciously, oppressively, deliberately, with intent to defraud, and in reckless disregard of the Rhode Island Class' rights and well-being to enrich New GM. New GM's conduct warrants an assessment of punitive damages in an amount sufficient to deter such conduct in the future, which amount is to be determined according to proof.

SOUTH CAROLINA

ONE HUNDRED TWENTY-THIRD CLAIM FOR RELIEF

VIOLATIONS OF THE SOUTH CAROLINA UNFAIR TRADE PRACTICES ACT (S.C. CODE ANN. § 39-5-10, *et. seq.*)

2475. This claim is brought on behalf of Class members who are South Carolina residents (the "South Carolina Class").

2476. Old GM was, and New GM is, a "person" under S.C. CODE ANN. § 39-5-10.

2477. The South Carolina Unfair Trade Practices Act ("South Carolina UTPA") prohibits "unfair or deceptive acts or practices in the conduct of any trade or commerce.…" S.C. CODE § 39-5-20(a). The Companies engaged in unfair and deceptive acts or practices and violated the South Carolina UTPA by failing to disclose and actively concealing the dangerous risk caused by the ignition switch defects in the Defective Vehicles.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 595 of 337

2478. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2479. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the South Carolina UTPA, and also has successor liability for the violations of Old GM.

2480. As alleged above, both Companies knew of the ignition switch defects, while the South Carolina Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2481. The Companies knew or should have known that their conduct violated the South Carolina UTPA.

2482. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2483. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 256 of 337

shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2484. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2485. The Companies each owed the South Carolina Class a duty to disclose the defective nature of the Defective Vehicles, including the dangerous risks posed by the defective ignition switches, because the Companies:

a. Possessed exclusive knowledge of the defects rendering the Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with the Defective Vehicles in order to hide the life-threatening problems from Plaintiff; and/or

c. Made incomplete representations about the safety and reliability of the Defective Vehicles, while purposefully withholding material facts from Plaintiffs and the Class that contradicted these representations.

2486. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the South Carolina Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2487. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the South Carolina Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the South Carolina Class.

2488. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the South Carolina Class. Had the South Carolina Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2489. All members of the South Carolina Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The South Carolina Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the South Carolina Class own vehicles that are not safe.

2490. The South Carolina Class have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls has so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 258 of 337

2491. South Carolina Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the South Carolina UTPA, and these violations present a continuing risk to the South Carolina Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2492. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2493. As a direct and proximate result of the Companies' violations of the South Carolina UTPA, the South Carolina Class members have suffered injury-in-fact and/or actual damage.

2494. Pursuant to S.C. CODE ANN. § 39-5-140(a), the South Carolina Class seeks monetary relief against New GM to recover for their economic losses. Because the Companies' actions were willful and knowing, the South Carolina Class members' damages should be trebled. *Id.*

2495. The South Carolina Class further alleges that the Companies' malicious and deliberate conduct warrants an assessment of punitive damages because the Companies carried out despicable conduct with willful and conscious disregard of the rights and safety of others, subjecting the South Carolina Class to cruel and unjust hardship as a result. The Companies intentionally and willfully misrepresented the safety and reliability of the Defective Vehicles, deceived the South Carolina Class on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting a deadly flaw in the Defective Vehicles they repeatedly promised the South Carolina Class was safe. New GM's unlawful conduct constitutes malice, oppression, and fraud warranting punitive damages.

2496. The South Carolina Class further seeks an order enjoining New GM's unfair or deceptive acts or practices.

ONE HUNDRED TWENTY-FOURTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (S.C. CODE § 36-2-314)

2497. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the South Carolina Class.

2498. Old GM and New GM are merchants with respect to motor vehicles under S.C. CODE § 36-2-314.

2499. Under S.C. CODE § 36-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law when the South Carolina Class purchased the vehicles.

2500. These vehicles, when sold and at all times thereafter, were not in merchantable condition and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended stalling to occur during ordinary driving conditions; when the vehicles stall, the power brakes and power steering become inoperable and the vehicles' airbags will not deploy,

2501. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, their own internal investigations, and by numerous individual letters and communications sent by the South Carolina Class members before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 260 of 337

2502. As a direct and proximate result of Old GM and New GM's breach of the warranty of merchantability, Plaintiffs and the Class have been damaged in an amount to be proven at trial.

ONE HUNDRED TWENTY-FIFTH CLAIM FOR RELIEF

VIOLATIONS OF THE SOUTH CAROLINA REGULATION OF MANUFACTURERS, DISTRIBUTORS, AND DEALERS ACT
(S.C. CODE ANN. § 56-15-10, *et. seq.*)

2503. This claim is brought solely on behalf of the South Carolina Class.

2504. Old GM and New GM were "manufacturer[s]" as set forth in S.C. CODE ANN. § 56-15-10, as they were engaged in the business of manufacturing or assembling new and unused motor vehicles.

2505. Old GM and New GM participated in unfair or deceptive acts or practices that violated the South Carolina Regulation of Manufacturers, Distributors, and Dealers Act ("Dealers Act"), S.C. CODE ANN. § 56-15-30.

2506. Old GM and New GM engaged in actions which were arbitrary, in bad faith, unconscionable, and which caused damage to Plaintiffs, the Class, and to the public.

2507. Old GM and New GM's bad faith and unconscionable actions include, but are not limited to: (1) representing that Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have, (2) representing that Defective Vehicles are of a particular standard, quality, and grade when they are not, (3) advertising Defective Vehicles with the intent not to sell them as advertised, (4) representing that a transaction involving Defective Vehicles confers or involves rights, remedies, and obligations which it does not, and (5) representing that the subject of a transaction involving Defective Vehicles has been supplied in accordance with a previous representation when it has not.

2508. Old GM and New GM resorted to and used false and misleading advertisements in connection with its business. As alleged above, Old GM and New GM made numerous material statements about the safety and reliability of Defective Vehicles that were either false or misleading. Each of these statements contributed to the deceptive context of Old GM and New GM's unlawful advertising and representations as a whole.

2509. Pursuant to S.C. CODE ANN. § 56-15-110(2), members of the South Carolina Class bring this action on behalf of themselves as the action is one of common or general interest to many persons and the parties are too numerous to bring them all before the court.

2510. The South Carolina Class members are entitled to double the actual damages, the cost of the suit, attorney's fees pursuant to S.C. CODE ANN. § 56-15-110. The South Carolina Class also seeks injunctive relief under S.C. CODE ANN. § 56-15-110. The South Carolina Class also seeks treble damages because Old GM and New GM acted maliciously.

SOUTH DAKOTA

ONE HUNDRED TWENTY-SIXTH CLAIM FOR RELIEF

VIOLATION OF THE SOUTH DAKOTA DECEPTIVE TRADE PRACTICES AND CONSUMER PROTECTION LAW (S.D. CODIFIED LAWS § 37-24-6)

2511. This claim is brought on behalf of Class members who are South Dakota residents (the "South Dakota Class").

2512. The South Dakota Deceptive Trade Practices and Consumer Protection Law ("South Dakota CPL") prohibits deceptive acts or practices, which are defined for relevant purposes to include "[k]nowingly act, use, or employ any deceptive act or practice, fraud, false pretense, false promises, or misrepresentation or to conceal, suppress, or omit any material fact in connection with the sale or advertisement of any merchandise, regardless of whether any person has in fact been misled, deceived, or damaged thereby [.]" S.D. CODIFIED

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 262 of 337

LAWS § 37-24-6(1). The conduct of Old GM and New GM as set forth herein constitutes deceptive acts or practices, fraud, false promises, misrepresentation, concealment, suppression, and omission of material facts in violation of S.D. Codified Laws § 37-24-6 and 37-24-31, including, but not limited to, Old GM and New GM's manufacture and sale of vehicles with an ignition switch defect which the Old GM and New GM failed to adequately investigate, disclose, and remedy, the Companies' misrepresentations and omissions regarding the safety and reliability of the Defective Vehicles, and the Companies' misrepresentations concerning a host of other defects and safety issues.

2513. The Companies' actions as set forth above occurred in the conduct of trade or commerce.

2514. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the South Dakota CPL, and also has successor liability for the violations of Old GM.

2515. As alleged above, both Companies knew of the ignition switch defects, while the South Dakota Class was deceived by the Companies' omission into believing the

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 263 of 337

Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2516. The Companies knew or should have known that their conduct violated the South Dakota CPL.

2517. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2518. Old GM and New GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM and New GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2519. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2520. The Companies each owed the South Dakota Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 264 of 337

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the South Dakota Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the South Dakota Class that contradicted these representations.

2521. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the South Dakota Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2522. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the South Dakota Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the South Dakota Class.

2523. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the South Dakota Class. Had the South Dakota Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2524. All members of the South Dakota Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The South Dakota Class overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the

Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the South Dakota Class own vehicles that are not safe.

2525. The South Dakota Class members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2526. South Dakota Class Members risk irreparable injury as a result of the Companies' act and omissions in violation of the South Dakota CPL, and these violations present a continuing risk to the South Dakota Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2527. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2528. As a direct and proximate result of the Companies' violations of the South Dakota CPL, the South Dakota Class members have suffered injury-in-fact and/or actual damage.

2529. Under S.D. CODIFIED LAWS § 37-24-31, the South Dakota Class is entitled to a recovery of their actual damages suffered as a result of New GM's acts and practices, including the acts and practices of Old GM for which New GM has successor liability.

ONE HUNDRED TWENTY-SEVENTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY
(S.D. CODIFIED LAWS § 57a-2-314)

2530. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the South Dakota Class.

2531. Old GM and New GM were merchants with respect to motor vehicles.

2532. South Dakota law imposed a warranty that the Defective Vehicles were merchantable when the South Dakota Class purchased their Defective Vehicles.

2533. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2534. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, Plaintiffs and the Class have been damaged in an amount to be proven at trial.

ONE HUNDRED TWENTY-EIGHTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2535. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the South Dakota Class.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 267 of 337

2536. As set forth above, both Old GM and New GM concealed and/or suppressed material facts concerning the safety of the Defective Vehicles.

2537. The Companies had a duty to disclose these safety issues because they consistently marketed their vehicles as safe and proclaimed that safety was one of the Companies' highest corporate priorities. Once the Companies made representations to the public about safety, they were under a duty to disclose these omitted facts, because where one does speak one must speak the whole truth and not conceal any facts which materially qualify those facts stated. One who volunteers information must be truthful, and the telling of a half-truth calculated to deceive is fraud.

2538. In addition, the Companies had a duty to disclose these omitted material facts because they were known and/or accessible only to the Companies who had superior knowledge and access to the facts, and the Companies knew they were not known to or reasonably discoverable by the South Dakota Class. These omitted facts were material because they directly impact the safety of the Defective Vehicles. Whether or not a vehicle inadvertently shuts down, and whether a vehicle's power steering, power brakes and airbags become inoperable during ordinary driving conditions, are material safety concerns. The Companies possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles.

2539. The Companies actively concealed and/or suppressed these material facts with the intent to induce the South Dakota Class to purchase Defective Vehicles at a higher price for the vehicles, which did not match the vehicles' true value. The Companies also concealed and withheld the information in order to prevent a public relations nightmare and harm to the Companies' profits that would result from disclosure.

2540. The South Dakota Class members were unaware of these omitted material facts and would not have acted as they did if they had known of the concealed and/or suppressed facts. The South Dakota Class' actions were justified. The Companies were in exclusive control of the material facts and such facts were not known to the public or the South Dakota Class.

2541. As a result of the concealment and/or suppression of the facts, the South Dakota Class sustained damage. For those the South Dakota Class members who elect to affirm the sale, these damages include the difference between the actual value of that which members of the South Dakota Class paid and the actual value of that which they received, together with additional damages arising from the sales transaction, amounts expended in reliance upon the fraud, compensation for loss of use and enjoyment of the property, and/or lost profits. For those members of the South Dakota Class who want to rescind the purchase, then those South Dakota Class members are entitled to restitution and consequential damages.

2542. The Companies' acts were done maliciously, oppressively, deliberately, with intent to defraud, and in reckless disregard of the South Dakota Class's rights and well-being to enrich Old GM and New GM. Old GM and New GM's conduct warrants an assessment of punitive damages in an amount sufficient to deter such conduct in the future, which amount is to be determined according to proof.

TENNESSEE

ONE HUNDRED TWENTY-NINTH CLAIM FOR RELIEF

VIOLATION OF TENNESSEE CONSUMER PROTECTION ACT
(TENN. CODE ANN. § 47-18-101, *et. seq.*)

2543. This claim is brought on behalf of Class members who are Tennessee residents (the "Tennessee Class").

2544. Tennessee Class members are "natural person[s]" and "consumer[s]" within the meaning of TENN. CODE ANN. § 47-18-103(2).

2545. Old GM was, and New GM is, a "person" within the meaning of TENN. CODE ANN. § 47-18-103(2) (the "Act").

2546. All of the Companies' conduct complained of herein affected "trade," "commerce" or "consumer transactions" within the meaning of TENN. CODE ANN. § 47-18-103(19).

2547. The Tennessee Consumer Protection Act ("Tennessee CPA") prohibits "[u]nfair or deceptive acts or practices affecting the conduct of any trade or commerce," including but not limited to: "(5) Representing that goods or services have… characteristics, [or]… benefits… that they do not have…;" "(7) Representing that goods or services are of a particular standard, quality or grade… if they are of another;" and "Advertising goods or services with intent not to sell them as advertised." TENN. CODE ANN. § 47-18-104. The Companies violated the Tennessee CPA by engaging in unfair or deceptive acts, including representing that Defective Vehicles have characteristics or benefits that they did not have; representing that Defective Vehicles are of a particular standard, quality, or grade when they are of another; and advertising Defective Vehicles with intent not to sell them as advertised.

2548. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment,

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 270 of 337

suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Tennessee CPA, and also has successor liability for the violations of Old GM.

2549. As alleged above, both Companies knew of the ignition switch defects, while the Tennessee Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2550. The Companies knew or should have known that their conduct violated the Tennessee CPA.

2551. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2552. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2553. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 271 of 337

2554. The Companies each owed Tennessee Class members a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Tennessee Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Tennessee Class that contradicted these representations.

2555. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Tennessee Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2556. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Tennessee Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Tennessee Class.

2557. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Tennessee Class. Had the Tennessee Class members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2558. All members of the Tennessee Class suffered ascertainable loss caused by the Companies' failure to disclose material information. The Tennessee Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and the Tennessee Class members own vehicles that are not safe.

2559. Tennessee Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2560. Plaintiffs and Tennessee Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Tennessee CPA, and these violations present a continuing risk to the Tennessee Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2561. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2562. As a direct and proximate result of the Companies' violations of the Tennessee CPA, the Tennessee Class members have suffered injury-in-fact and/or actual damage.

2563. Pursuant to TENN. CODE § 47-18-109(a), the Tennessee Class seeks monetary relief against New GM measured as actual damages in an amount to be determined at trial, treble damages as a result of the Companies' willful or knowing violations, and any other just and proper relief available under the Tennessee CPA.

ONE HUNDRED THIRTIETH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2564. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Tennessee Class.

2565. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2566. The Companies knew these representations were false when made.

2567. The vehicles purchased or leased by the Tennessee Class were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2568. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Tennessee Class members relied on the Companies' representations that the vehicles they purchased and retained were safe and free from defects.

2569. The aforementioned concealment was material because if it had been disclosed the Tennessee Class members would not have bought, leased or retained the vehicles.

2570. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2571. The Tennessee Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2572. As a result of their reliance, Tennessee Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2573. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Tennessee Class. The Tennessee Class members are therefore entitled to an award of punitive damages.

TEXAS

ONE HUNDRED THIRTY-FIRST CLAIM FOR RELIEF

VIOLATIONS OF THE TEXAS DECEPTIVE TRADE PRACTICES — CONSUMER PROTECTION ACT (TEX. BUS. & COM. CODE §§ 17.41, *et. seq.*)

2574. This claim is brought on behalf of Class members who are Texas residents (the "Texas Class").

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 275 of 337

2575. Members of the Texas Class are individuals, partnerships, and corporations with assets of less than $25 million (or are controlled by corporations or entities with less than $25 million in assets). *See* TEX. BUS. & COM. CODE § 17.41,

2576. The Texas Deceptive Trade Practices-Consumer Protection Act ("Texas DTPA") prohibits "[f]alse, misleading, or deceptive acts or practices in the conduct of any trade or commerce," TEX. BUS. & COM. CODE § 17.46(a), and an "unconscionable action or course of action," which means "an act or practice which, to a consumer's detriment, takes advantage of the lack of knowledge, ability, experience, or capacity of the consumer to a grossly unfair degree." TEX. BUS. & COM. CODE § 17.45(5); TEX. BUS. & COM. CODE § 17.50(a)(3). The Companies have committed false, misleading, unconscionable and deceptive acts or practices in the conduct of trade or commerce.

2577. The Companies also violated the Texas DTPA by (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular standard, quality, and grade when they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; and (4) failing to disclose information concerning the Defective Vehicles with the intent to induce consumers to purchase or lease the Defective Vehicles.

2578. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment,

suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Texas DTPA, and also has successor liability for the violations of Old GM.

2579. As alleged above, both Companies knew of the ignition switch defects, while the Texas Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2580. The Companies knew or should have known that their conduct violated the Texas DTPA.

2581. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2582. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2583. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 597 of 337

2584. The Companies each owed Texas Class members a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Texas Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Texas Class that contradicted these representations.

2585. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Texas Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2586. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Texas Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Texas Class.

2587. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Texas Class. Had Texas Class members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2588. All members of the Texas Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Texas Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Texas Class members own vehicles that are not safe.

2589. Texas Class members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2590. Texas Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Texas DTPA, and these violations present a continuing risk to the Texas Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2591. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 579 of 637

2592. As a direct and proximate result of the Companies' violations of the Texas DTPA, Texas Class members have suffered injury-in-fact and/or actual damage.

2593. Pursuant to TEX. BUS. & COM. CODE § 17.50(a)(1) and (b), the Texas Class seeks monetary relief against New GM measured as actual damages in an amount to be determined at trial, treble damages for the Companies' knowing violations of the Texas DTPA, and any other just and proper relief available under the Texas DTPA.

2594. For those Texas Class members who wish to rescind their purchases, they are entitled under TEX. BUS. & COM. CODE § 17.50(b)(4) to rescission and other relief necessary to restore any money or property that was acquired from them based on violations of the Texas DTPA.

2595. The Texas Class also seeks court costs and attorneys' fees under § 17.50(d) of the Texas DTPA.

2596. Texas Plaintiffs have complied with the notice requirement set forth in TEX. BUS. & COM. CODE § 17.505(a) by virtue of the notice previously provided in the context of the underlying action styled *Ramirez, et al. v. GM*, 2:14-cv-02344-JVS-AN (C.D. Cal.), and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

2597. Upon filing this Complaint and as required by TEX. BUS. & COM. CODE § 17.501, Plaintiffs will provide the consumer protection division of the Attorney General's office a copy of the demand letter and a copy of the complaint.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 280 of 337

ONE HUNDRED THIRTY-SECOND CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY
(TEX. BUS. & COM. CODE § 2.314)

2598. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Texas Class.

2599. Old GM and New GM were merchants with respect to motor vehicles under TEX. BUS. & COM. CODE § 2.104.

2600. Under TEX. BUS. & COM. CODE § 2.314, a warranty that the Defective Vehicles were in merchantable condition was implied by law in the transactions in which Texas Class members purchased their Defective Vehicles.

2601. Old GM and New GM impliedly warranted that the vehicles were of good and merchantable quality and fit, and safe for their ordinary intended use—transporting the driver and passengers in reasonable safety during normal operation, and without unduly endangering them or members of the public.

2602. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2603. As a direct and proximate result of Old GM and New GM's breach of the implied warranty of merchantability, Texas Class members have been damaged in an amount to be proven at trial.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 281 of 337

ONE HUNDRED THIRTY-THIRD CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2604. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Texas Class.

2605. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2606. The Companies knew these representations were false when made.

2607. The vehicles purchased or leased by the Texas Class were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2608. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because Texas Class members relied on the Companies' representations that the vehicles they were purchasing were safe.

2609. The aforementioned concealment was material because if it had been disclosed Texas Class members would not have bought, leased, or retained their vehicles, or would have paid less for the vehicles.

2610. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 282 of 337

systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2611. Texas Class members relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2612. As a result of their reliance, Texas Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2613. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Texas Class. Texas Class members are therefore entitled to an award of punitive damages.

UTAH

ONE HUNDRED THIRTY-FOURTH CLAIM FOR RELIEF

VIOLATION OF UTAH CONSUMER SALES PRACTICES ACT (UTAH CODE ANN. § 13-11-1, *et. seq.*)

2614. This claim is brought on behalf of Class members who are Utah residents (the "Utah Class").

2615. Old GM was and New GM is a "supplier" under the Utah Consumer Sales Practices Act ("Utah CSPA"), UTAH CODE ANN. § 13-11-3.

2616. Utah Class members are "persons" under UTAH CODE ANN. § 13-11-3.

2617. The sale of the Defective Vehicles to the Utah Class members was a "consumer transaction" within the meaning of UTAH CODE ANN. § 13-11-3.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 283 of 337

2618. The Utah CSPA makes unlawful any "deceptive act or practice by a supplier in connection with a consumer transaction" under UTAH CODE ANN. § 13-11-4. Specifically, "a supplier commits a deceptive act or practice if the supplier knowingly or intentionally: (a) indicates that the subject of a consumer transaction has sponsorship, approval, performance characteristics, accessories, uses, or benefits, if it has not" or "(b) indicates that the subject of a consumer transaction is of a particular standard, quality, grade, style, or model, if it is not." UTAH CODE ANN. § 13-11-4. "An unconscionable act or practice by a supplier in connection with a consumer transaction" also violates the Utah CSPA. UTAH CODE ANN. § 13-11-5.

2619. The Companies committed deceptive acts or practices in the conduct of trade or commerce, by, among other things, engaging in unconscionable acts, representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; and representing that the Defective Vehicles are of a particular standard, quality, and grade when they are not

2620. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 234 of 337

commerce in violation of the Utah CSPA, and also has successor liability for the violations of Old GM.

2621. As alleged above, both Companies knew of the ignition switch defects, while the Utah Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2622. The Companies knew or should have known that their conduct violated the Utah CSPA.

2623. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2624. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2625. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 295 of 337

2626. The Companies each owed Utah Class members a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Utah Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Utah Class that contradicted these representations.

2627. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Utah Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2628. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Utah Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Utah Class.

2629. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to Utah Class members. Had the Utah Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2630. All members of the Utah Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Utah Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Utah Class members own vehicles that are not safe.

2631. Utah Class members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2632. Utah Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Utah CSPA, and these violations present a continuing risk to Utah Class members as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2633. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2634. As a direct and proximate result of the Companies' violations of the Utah CSPA, Utah Class members have suffered injury-in-fact and/or actual damage.

2635. Pursuant to UTAH CODE ANN. § 13-11-4, the Utah Class seek monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $2,000 for each Utah Class member, reasonable attorneys' fees, and any other just and proper relief available under the Utah CSPA.

ONE HUNDRED THIRTY-FIFTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (UTAH CODE ANN. § 70A-2-314)

2636. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Utah Class.

2637. Old GM and New GM were at all relevant times merchants with respect to motor vehicles.

2638. Old GM and New GM impliedly warranted that its vehicles were of good and merchantable quality and fit, and safe for their ordinary intended use—transporting the driver and passengers in reasonable safety during normal operation, and without unduly endangering them or members of the public.

2639. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the non-deployment of airbags in the event of a collision.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/04/14 Page 298 of 337

2640. As a direct and proximate result of the Companies' breach of the implied warranty of merchantability, Utah Class members have been damaged in an amount to be proven at trial.

VERMONT

ONE HUNDRED THIRTY-SIXTH CLAIM FOR RELIEF

VIOLATION OF VERMONT CONSUMER FRAUD ACT
(VT. STAT. ANN. TIT. 9, § 2451 *et. seq.*)

2641. This claim is brought on behalf of Class members who are Vermont residents (the "Vermont Class").

2642. Old GM was, and New GM is, a seller within the meaning of VT. STAT. ANN. TIT. 9, § 2451(a)(c).

2643. The Vermont Consumer Fraud Act ("Vermont CFA") makes unlawful "[u]nfair methods of competition in commerce, and unfair or deceptive acts or practices in commerce.…" VT. STAT. ANN. TIT. 9, § 2453(a). The Companies engaged in unfair and deceptive acts or practices in trade or commerce in violation of the Vermont CFA by failing to disclose and actively concealing the ignition switch defects in the Defective Vehicles.

2644. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 29 of 337

commerce in violation of the Vermont CFA, and also has successor liability for the violations of Old GM.

2645. As alleged above, both Companies knew of the ignition switch defects, while the Vermont Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2646. The Companies knew or should have known that their conduct violated the Vermont CFA.

2647. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2648. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2649. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2650. The Companies each owed Plaintiffs a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Vermont Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Vermont Class that contradicted these representations.

2651. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Vermont Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2652. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Vermont Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Vermont Class.

2653. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to Vermont Class members. Had Vermont Class members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2654. All members of the Vermont Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Vermont Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Vermont Class members own vehicles that are not safe.

2655. Vermont Class members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2656. Vermont Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Vermont CFA, and these violations present a continuing risk to the Vermont Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2657. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 292 of 337

2658. As a direct and proximate result of the Companies' violations of the Vermont CFA, Vermont Class members have suffered injury-in-fact and/or actual damage.

2659. Vermont Class members are entitled to recover "appropriate equitable relief" and "the amount of [their] damages, or the consideration or the value of the consideration given by [them], reasonable attorney's fees, and exemplary damages not exceeding three times the value of the consideration given by [them]" pursuant to VT. STAT. ANN. TIT. 9, § 2461(b).

ONE HUNDRED THIRTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2660. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Vermont Class.

2661. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2662. The Companies knew these representations were false when made.

2663. The vehicles purchased or leased by Vermont Class members were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2664. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because Vermont Class members relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 293 of 337

2665. The aforementioned concealment was material because if it had been disclosed Vermont Class members would not have bought, leased, or retained their vehicles.

2666. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2667. Vermont Class members relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2668. As a result of their reliance, Vermont Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2669. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Vermont Class. Vermont Class members are therefore entitled to an award of punitive damages.

VIRGINIA

ONE HUNDRED THIRTY-EIGHTH CLAIM FOR RELIEF

VIOLATION OF VIRGINIA CONSUMER PROTECTION ACT (VA. CODE ANN. 15 §§ 59.1-196, *et. seq.*)

2670. This claim is brought solely on behalf of Class members who are Virginia residents (the "Virginia Class").

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 294 of 337

2671. Old GM was and New GM are "supplier[s]" under VA. CODE ANN. § 59.1-198.

2672. The sale of the Defective Vehicles to Virginia Class members was a "consumer transaction" within the meaning of VA. CODE ANN. § 59.1-198.

2673. The Virginia Consumer Protection Act ("Virginia CPA") lists prohibited "practices" which include: "5. Misrepresenting that good or services have certain characteristics;" "6. Misrepresenting that goods or services are of a particular standard, quality, grade style, or model;" "8. Advertising goods or services with intent not to sell them as advertised, or with intent not to sell at the price or upon the terms advertised;" "9. Making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;" and "14. Using any other deception, fraud, or misrepresentation in connection with a consumer transaction." VA. CODE ANN. § 59.1-200. The Companies violated the Virginia CPA by misrepresenting the Defective Vehicles had certain quantities, characteristics, ingredients, uses, or benefits; misrepresenting that Defective Vehicles were of a particular standard, quality, grade, style, or model when they were another; advertising Defective Vehicles with intent not to sell them as advertised; and otherwise "using any other deception, fraud, false pretense, false promise, or misrepresentation in connection with a consumer transaction.

2674. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment,

suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Virginia CPA, and also has successor liability for the violations of Old GM.

2675. As alleged above, both Companies knew of the ignition switch defects, while the Virginia Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2676. The Companies knew or should have known that their conduct violated the Virginia CPA.

2677. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2678. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2679. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 296 of 337

2680. The Companies each owed Virginia Class members a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Virginia Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Virginia Class that contradicted these representations.

2681. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Virginia Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2682. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Virginia Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Virginia Class.

2683. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to Virginia Class members. Had Virginia Class members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2684. All members of the Virginia Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Virginia Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Virginia Class members own vehicles that are not safe.

2685. Virginia Class members have been damaged by New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of New GM's failure to timely disclose and remedy the serious defects. New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2686. Virginia Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Virginia CPA, and these violations present a continuing risk to the Virginia Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2687. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2688. As a direct and proximate result of the Companies' violations of the Virginia CPA, Virginia Class members have suffered injury-in-fact and/or actual damage.

2689. Pursuant to VA. CODE ANN. § 59.1-204, Virginia Class members seek monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $500 for each Virginia Class Member. Because the Companies' conduct was committed willfully and knowingly, the Virginia Classis entitled to recover, for each Virginia Class Member, the greater of (a) three times actual damages or (b) $1,000.

2690. Plaintiffs also seek an order enjoining New GM's unfair and/or deceptive acts or practices, punitive damages, and attorneys' fees, and any other just and proper relief available under General Business Law § 59.1-204, *et. seq.*

ONE HUNDRED THIRTY-NINTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY
(VA. CODE ANN. § 8.2-314)

2691. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Virginia Class.

2692. Old GM and New GM were at all relevant times merchants with respect to motor vehicles.

2693. Old GM and New GM impliedly warranted that their vehicles were of good and merchantable quality and fit, and safe for their ordinary intended use—transporting the driver and passengers in reasonable safety during normal operation, and without unduly endangering them or members of the public.

2694. These vehicles, when sold and at all times thereafter, were not merchantable and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective

Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2695. As a direct and proximate result of the Companies' breach of the implied warranty of merchantability, the Virginia Class has been damaged in an amount to be proven at trial.

ONE HUNDRED FORTIETH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2696. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Virginia Class.

2697. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2698. The Companies knew these representations were false when made.

2699. The vehicles purchased or leased by Virginia Class members were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2700. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because Virginia Class members relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2701. The aforementioned concealment was material because if it had been disclosed Virginia Class members would not have bought, leased, or retained their vehicles.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 390 of 337

2702. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2703. Virginia Class members relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2704. As a result of their reliance, the Virginia Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2705. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Virginia Class. Virginia Class members are therefore entitled to an award of punitive damages.

WASHINGTON

ONE HUNDRED FORTY-FIRST CLAIM FOR RELIEF

VIOLATION OF THE CONSUMER PROTECTION ACT
(REV. CODE WASH. ANN. §§ 19.86.010, *et. seq.*)

2706. This claim is brought on behalf of Class members who are Washington residents (the "Washington Class").

2707. The Companies committed the acts complained of herein in the course of "trade" or "commerce" within the meaning of WASH. REV. CODE. WASH. ANN. §§ 19.96.010.

2708. The Washington Consumer Protection Act ("Washington CPA") broadly prohibits "[u]nfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce." WASH. REV. CODE. WASH. ANN. §§ 19.96.010. The Companies engaged in unfair and deceptive acts and practices and violated the Washington CPA by failing to disclose and actively concealing the ignition switch defects in the Defective Vehicles.

2709. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Washington CPA, and also has successor liability for the violations of Old GM.

2710. As alleged above, both Companies knew of the ignition switch defects, while the Washington Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2711. The Companies knew or should have known that their conduct violated the Washington CPA.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 302 of 337

2712. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2713. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2714. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2715. The Companies each owed Washington Class members a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from Washington Class members; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 393 of 337

withholding material facts from Washington Class members that contradicted these representations.

2716. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Washington Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2717. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Washington Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Washington Class.

2718. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to Washington Class members. Had the Washington Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2719. All members of the Washington Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Washington Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Washington Class members own vehicles that are not safe.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 394 of 337

2720. Washington Class members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2721. Washington Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Washington CPA, and these violations present a continuing risk to the Washington Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2722. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2723. As a direct and proximate result of the Companies' violations of the Washington Act, Washington Class members have suffered injury-in-fact and/or actual damage.

2724. New GM is liable to the Washington Class for damages in amounts to be proven at trial, including attorneys' fees, costs, and treble damages, as well as any other remedies the Court may deem appropriate under REV. CODE. WASH. ANN. § 19.86.090.

2725. Pursuant to WASH. REV. CODE. WASH. ANN. § 19.86.095, Plaintiffs will serve the Washington Attorney General with a copy of this complaint as Plaintiffs seek injunctive relief.

ONE HUNDRED FORTY-SECOND CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2726. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Washington Class.

2727. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2728. The Companies knew these representations were false when made.

2729. The vehicles purchased or leased by Washington Class members were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2730. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because Washington Class members relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2731. The aforementioned concealment was material because if it had been disclosed the Washington Class would not have bought, leased, or retained their vehicles.

2732. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2733. Washington Class members relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing or retaining the Defective Vehicles.

2734. As a result of their reliance, the Washington Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

WEST VIRGINIA

ONE HUNDRED FORTY-THIRD CLAIM FOR RELIEF

VIOLATIONS OF THE CONSUMER CREDIT AND PROTECTION ACT (W. VA. CODE § 46a-1-101, *et. seq.*)

2735. This claim is brought on behalf of Class members who are West Virginia residents (the "West Virginia Class").

2736. Old GM was, and New GM is, a "person" under W.VA. CODE § 46A-1-102(31).

2737. West Virginia Class members are "consumers," as defined by W.VA. CODE §§ and 46A-1-102(12) and 46A-6-102(2), who purchased or leased one or more Defective Vehicles.

2738. The Companies engaged in trade or commerce as defined by W. VA. CODE § 46A-6-102(6).

2739. The West Virginia Consumer Credit and Protection Act ("West Virginia CCPA") prohibits "unfair or deceptive acts or practices in the conduct of any trade or commerce…." W. VA. CODE § 46A-6-104. Without limitation, "unfair or deceptive" acts or practices include:

> (I) Advertising goods or services with intent not to sell them as advertised;
>
> (K) Making false or misleading statements of fact concerning the reasons for, existence of or amounts of price reductions;
>
> (L) Engaging in any other conduct which similarly creates a likelihood of confusion or of misunderstanding;
>
> (M) The act, use or employment by any person of any deception, fraud, false pretense, false promise or misrepresentation, or the concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any goods or services, whether or not any person has in fact been misled, deceived or damaged thereby;
>
> (N) Advertising, printing, displaying, publishing, distributing or broadcasting, or causing to be advertised, printed, displayed, published, distributed or broadcast in any manner, any statement or representation with regard to the sale of goods or the extension of consumer credit including the rates, terms or conditions for the sale of such goods or the extension of such credit, which is false, misleading or deceptive or which omits to state material information which is necessary to make the statements therein not false, misleading or deceptive;

W. VA. CODE § 46A-6-102(7).

2740. By failing to disclose and actively concealing the dangerous risks posed by the defective ignition switches in the Defective Vehicles, the Companies engaged in deceptive business practices prohibited by the West Virginia CCPA, including: (1) representing that the Defective Vehicles have characteristics, uses, benefits, and qualities which they do not have; (2) representing that the Defective Vehicles are of a particular standard, quality, and grade when they are not; (3) advertising the Defective Vehicles with the intent not to sell them as advertised; (4) representing that a transaction involving the Defective Vehicles confers or involves rights, remedies, and obligations which it does not; and (5) representing that the subject of a transaction involving the Defective Vehicles has been supplied in accordance with a previous representation when it has not.

2741. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression, or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the West Virginia CCPA, and also has successor liability for the violations of Old GM.

2742. As alleged above, both Companies knew of the ignition switch defects, while the West Virginia Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2743. The Companies knew or should have known that their conduct violated the West Virginia Act.

2744. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2745. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2746. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2747. The Companies each owed the West Virginia Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the West Virginia Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the West Virginia Class that contradicted these representations.

2748. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the West Virginia Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2749. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the West Virginia Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the West Virginia Class.

2750. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the West Virginia Class. Had West Virginia Class members known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2751. All members of the West Virginia Class suffered ascertainable loss caused by the Companies' failure to disclose material information. West Virginia Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and West Virginia Class members own vehicles that are not safe.

2752. West Virginia Class members have been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2753. West Virginia Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the West Virginia CCPA, and these violations present a continuing risk to the West Virginia Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2754. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2755. As a direct and proximate result of the Companies' violations of the West Virginia CCPA, West Virginia Class members have suffered injury-in-fact and/or actual damage.

2756. Pursuant to W. VA. CODE § 46A-1-106, the West Virginia Class seeks monetary relief against New GM measured as the greater of (a) actual damages in an amount to be determined at trial and (b) statutory damages in the amount of $200 per violation of the West Virginia CCPA for each West Virginia Class member.

2757. The West Virginia Class also seeks punitive damages against New GM because the Companies carried out despicable conduct with willful and conscious disregard of the rights and safety of others, subjecting the West Virginia Class to cruel and unjust hardship as a result. The Companies intentionally and willfully misrepresented the safety and reliability of the Defective Vehicles, deceived the West Virginia Class on life-or-death matters, and concealed material facts that only they knew, all to avoid the expense and public relations nightmare of correcting a deadly flaw in the Defective Vehicles it repeatedly promised the West Virginia Class was safe. The Companies' unlawful conduct constitutes malice, oppression, and fraud warranting punitive damages.

2758. The West Virginia Class believes that the recalls and repairs instituted by New GM have not been adequate, and that some or all of the Defective Vehicles will remain defective even after New GM's "remedy" is implemented.

2759. The West Virginia Class further seeks an order enjoining New GM's unfair or deceptive acts or practices, restitution, punitive damages, costs of Court, attorney's fees under W. VA. CODE § 46A-5-101, *et. seq.*, and any other just and proper relief available under the West Virginia CCPA.

2760. West Virginia Plaintiffs have complied with the notice requirement set forth in W. VA. CODE § 46A-6-106(b) by virtue of the notice previously provided in the context of the underlying action styled *Ramirez, et al. v. GM*, 2:14-cv-02344-JVS-AN (C.D. Cal.), and other underlying actions, as well as additional notice in the form of a demand letter sent on October 12, 2014.

ONE HUNDRED FORTY-FOURTH CLAIM FOR RELIEF

BREACH OF IMPLIED WARRANTY OF MERCHANTABILITY (W. VA. CODE § 46-2-314)

2761. In the event the Court declines to certify a nationwide Class, Plaintiffs bring this claim on behalf of the West Virginia Class.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 313 of 337

2762. Old GM and New GM were at all relevant times sellers of motor vehicles under W. VA. CODE § 46-2-314, and were also "merchant[s]" as the term is used in W. VA. CODE § 46A-6-107 and § 46-2-314.

2763. Under W. VA. CODE § 46-2-314, a warranty that the Defective Vehicles were in merchantable condition was implied by law when West Virginia Class members purchased their Defective Vehicles.

2764. These vehicles, when sold and at all times thereafter, were not in merchantable condition and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2765. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, their own internal investigations, and by numerous individual letters and communications sent by West Virginia Class members before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2766. As a direct and proximate result of Old GM and New GM's breach of the warranty of merchantability, the West Virginia Class been damaged in an amount to be proven at trial.

ONE HUNDRED FORTY-FIFTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2767. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the West Virginia Class.

2768. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2769. The Companies knew these representations were false when made.

2770. The vehicles purchased or leased by West Virginia Class members were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2771. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because West Virginia Class members relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2772. The aforementioned concealment was material because if it had been disclosed West Virginia Class members would not have bought, leased or retained their vehicles.

2773. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2774. The West Virginia Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 315 of 337

assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing, or retaining the Defective Vehicles.

2775. As a result of their reliance, the West Virginia Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2776. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the West Virginia Class. West Virginia Class members are therefore entitled to an award of punitive damages.

WISCONSIN

ONE HUNDRED FORTY-SIXTH CLAIM FOR RELIEF

VIOLATIONS OF THE WISCONSIN DECEPTIVE TRADE PRACTICES ACT (WIS. STAT. § 110.18)

2777. This claim is brought on behalf of Class members who are Wisconsin residents (the "Wisconsin Class").

2778. The Companies are a "person, firm, corporation or association" within the meaning of WIS. STAT. § 100.18(1).

2779. The Wisconsin Class members are members of "the public" within the meaning of WIS. STAT. § 100.18(1). Wisconsin Class members purchased or leased one or more Class Vehicles.

2780. The Wisconsin Deceptive Trade Practices Act ("Wisconsin DTPA") prohibits a "representation or statement of fact which is untrue, deceptive or misleading." WIS. STAT. § 100.18(1). The Companies engaged in unfair and deceptive acts and practices and violated the Wisconsin DTPA by making misrepresentations and failing to disclose and actively concealing the ignition switch defects in the Defective Vehicles.

2781. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Wisconsin DTPA, and also has successor liability for the violations of Old GM.

2782. As alleged above, both Companies knew of the ignition switch defects, while the Wisconsin Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2783. The Companies knew or should have known that their conduct violated the Wisconsin DTPA.

2784. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2785. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 317 of 337

2786. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2787. The Companies each owed Wisconsin Class members a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Wisconsin Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Wisconsin Class that contradicted these representations.

2788. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Wisconsin Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2789. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Wisconsin Class, about the true safety and reliability of

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 318 of 337

Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Wisconsin Class.

2790. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Wisconsin Class. Had the Wisconsin Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2791. All members of the Wisconsin Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Wisconsin Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Wisconsin Class members own vehicles that are not safe.

2792. The Wisconsin Class has been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2793. Wisconsin Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Wisconsin DTPA, and these violations present a continuing risk to the Wisconsin Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest.

2794. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2795. As a direct and proximate result of the Companies' violations of the Wisconsin DTPA, Wisconsin Class members have suffered injury-in-fact and/or actual damage.

2796. The Wisconsin Class is entitled to damages and other relief provided for under WIS. STAT. § 110.18(11)(b)(2). Because the Companies' conduct was committed knowingly and/or intentionally, the Wisconsin Class is entitled to treble damages.

2797. The Wisconsin Class also seeks court costs and attorneys' fees under WIS. STAT. § 110.18(11)(b)(2).

ONE HUNDRED FORTY-SEVENTH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2798. In the event the Court declines to certify a nationwide Class, this claim is brought on behalf of the Wisconsin Class.

2799. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2800. The Companies knew these representations were false when made.

2801. The vehicles purchased or leased by the Wisconsin Class were, in fact, defective, unsafe, and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2802. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Wisconsin Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2803. The aforementioned concealment was material because if it had been disclosed Wisconsin Class members would not have bought, leased, or retained their vehicles.

2804. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2805. The Wisconsin Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing, or retaining the Defective Vehicles.

2806. As a result of their reliance, the Wisconsin Class has been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2807. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Wisconsin Class. Wisconsin Class members are therefore entitled to an award of punitive damages.

WYOMING

ONE HUNDRED FORTY-EIGHTH CLAIM FOR RELIEF

VIOLATION OF THE WYOMING CONSUMER PROTECTION ACT (WYO. STAT. § 40-12-105 *et. seq.)*

2808. This claim is brought on behalf of Class members who are Wyoming residents (the "Wyoming Class").

2809. The Wyoming Class members, Old GM, and New GM are "persons" within the meaning of WYO. STAT. § 40-12-102(a)(i).

2810. The sales of the Defective Vehicles to the Wyoming Class were "consumer transaction[s]" within the meaning of WYO. STAT. § 40-12-105.

2811. Under the Wyoming Consumer Protection Act ("Wyoming CPA"), a person engages in a deceptive trade practice when, in the course of its business and in connection with a consumer transaction it knowingly: "(iii) Represents that merchandise is of a particular standard, grade, style or model, if it is not"; "(v) Represents that merchandise has been supplied in accordance with a previous representation, if it has not…"; "(viii) Represents that a consumer transaction involves a warranty, a disclaimer of warranties, particular warranty terms, or other rights, remedies or obligations if the representation is false"; "(x) Advertises merchandise with intent not to sell it as advertised"; or "(xv) Engages in unfair or deceptive acts or practices." WYO. STAT. § 45-12-105.

2812. The Companies willfully failed to disclose and actively concealed the ignition switch defects in the Defective Vehicles as described above in violation of the Wyoming CPA. The Companies engaged in deceptive trade practices, including (among other things) representing that the Defective Vehicles are of a particular standard and grade, which they are not; advertising the Defective Vehicles with the intent not to sell them as advertised; and overall engaging in unfair and deceptive acts or practices.

2813. In the course of their business, both Old GM and New GM willfully failed to disclose and actively concealed the dangerous ignition switch defects in the Defective Vehicles as described herein and otherwise engaged in activities with a tendency or capacity to deceive. Old GM and New GM also engaged in unlawful trade practices by employing deception, deceptive acts or practices, fraud, misrepresentations, or concealment, suppression or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale of Defective Vehicles. New GM is directly liable for engaging in unfair and deceptive acts or practices in the conduct of trade or commerce in violation of the Wyoming CPA, and also has successor liability for the violations of Old GM.

2814. As alleged above, both Companies knew of the ignition switch defects, while the Wyoming Class was deceived by the Companies' omission into believing the Defective Vehicles were safe, and the information could not have reasonably been known by the consumer.

2815. The Companies knew or should have known that their conduct violated the Wyoming CPA.

2816. As alleged above, the Companies made material statements about the safety and reliability of Defective Vehicles that were either false or misleading.

2817. Old GM engaged in a deceptive trade practice when it failed to disclose material information concerning the Defective Vehicles which it knew at the time of the sale. Old GM deliberately withheld the information about the vehicles' propensity to inadvertently

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 323 of 337

shut down in order to ensure that consumers would purchase its vehicles and to induce the consumer to enter into a transaction.

2818. From its inception in 2009, New GM has known of the ignition switch defects that exist in millions of Defective Vehicles sold in the United States. But, to protect its profits and to avoid remediation costs and a public relations nightmare, New GM concealed the defects and their tragic consequences and allowed unsuspecting new and used car purchasers to continue to buy the Defective Vehicles and allowed all Defective Vehicle owners to continue driving highly dangerous vehicles.

2819. The Companies each owed the Wyoming Class a duty to disclose the defective nature of Defective Vehicles, including the dangerous risk of ignition switch movement, engine shutdown, and disabled safety airbags, because they:

a. Possessed exclusive knowledge of the defects rendering Defective Vehicles inherently more dangerous and unreliable than similar vehicles;

b. Intentionally concealed the hazardous situation with Defective Vehicles through their deceptive marketing campaign and recall program that they designed to hide the life-threatening problems from the Wyoming Class; and/or

c. Made incomplete representations about the safety and reliability of Defective Vehicles generally, and the ignition switch in particular, while purposefully withholding material facts from the Wyoming Class that contradicted these representations.

2820. The Defective Vehicles posed and/or pose an unreasonable risk of death or serious bodily injury to the Wyoming Class, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents of sudden and unintended engine shutdown.

2821. The Companies' unfair or deceptive acts or practices were likely to deceive reasonable consumers, including the Wyoming Class, about the true safety and reliability of Defective Vehicles. The Companies intentionally and knowingly misrepresented material facts regarding the Defective Vehicles with an intent to mislead the Wyoming Class.

2822. The propensity of the Defective Vehicles to inadvertently shut down during ordinary operation was material to the Wyoming Class. Had the Wyoming Class known that their vehicles had these serious safety defects, they would either not have purchased their Defective Vehicles, or would have paid less for them than they did.

2823. All members of the Wyoming Class suffered ascertainable loss caused by the Companies' failure to disclose material information. Wyoming Class members overpaid for their vehicles and did not receive the benefit of their bargain. As the result of the concealment and failure to remedy the serious safety defect, and the piecemeal and serial nature of the recalls, the value of their Defective Vehicles has diminished now that the safety issues in the Defective Vehicles, and the many other serious safety issues and myriad defects in the Companies' vehicles have come to light, and Wyoming Class members own vehicles that are not safe.

2824. The Wyoming Class has been damaged by Old GM and New GM's misrepresentations, concealment, and non-disclosure of the ignition switch defects in the Defective Vehicles, as they are now holding vehicles whose value has greatly diminished because of Old GM and New GM's failure to timely disclose and remedy the serious defects. Old GM and New GM's egregious and widely-publicized conduct and the never-ending and piecemeal nature of New GM's recalls, and the many other serious defects in Old GM and New GM vehicles, have so tarnished the Defective Vehicles that no reasonable consumer would purchase them—let alone pay what would otherwise be fair market value for the vehicles.

2825. Wyoming Class members risk irreparable injury as a result of the Companies' act and omissions in violation of the Wyoming CPA, and these violations present a continuing risk to the Wyoming Class as well as to the general public. The Companies' unlawful acts and practices complained of herein affect the public interest

2826. The recalls and repairs instituted by New GM have not been adequate. The recall is not an effective remedy and is not offered for all Defective Vehicles.

2827. As a direct and proximate result of the Companies' violations of the Wyoming CPA, Wyoming Class members have suffered injury-in-fact and/or actual damage.

2828. Pursuant to WYO. STAT. § 40-12-108(a), the Wyoming Class seeks monetary relief against New GM measured as actual damages in an amount to be determined at trial, in addition to any other just and proper relief available under the Wyoming CPA.

2829. On October 12, 2014, Plaintiffs sent a notice letter complying with WYO. STAT. § 45-12-109. Plaintiffs presently do not claim the damages relief asserted in this Complaint under the Wyoming CPA until and unless New GM fails to remedy its unlawful conduct towards the class within the requisite time period, after which Plaintiffs seek all damages and relief to which Plaintiffs and the Wyoming Class are entitled.

ONE HUNDRED FORTY-NINTH CLAIM FOR RELIEF

BREACH OF THE IMPLIED WARRANTY OF MERCHANTABILITY (WYO. STAT. § 34.1-2-314)

2830. In the event the Court declines to certify a nationwide Class, Plaintiffs brings this claim on behalf of the Wyoming Class.

2831. Old GM and New GM were at all relevant times merchants with respect to motor vehicles.

2832. Under Wyoming law, a warranty that the Defective Vehicles were in merchantable condition was implied when Wyoming Class members purchased their Defective Vehicles.

2833. These vehicles, when sold and at all times thereafter, were not in merchantable condition and are not fit for the ordinary purpose for which cars are used. Specifically, the Defective Vehicles are inherently defective in that there are defects in the ignition switch systems that permit sudden unintended shutdown to occur, with the attendant shut down of power steering and power brakes and the non-deployment of airbags in the event of a collision.

2834. Old GM and New GM were provided notice of these issues by numerous complaints filed against them, their own internal investigations, and by numerous individual letters and communications sent by Wyoming Class members before or within a reasonable amount of time after New GM issued the recall and the allegations of vehicle defects became public.

2835. As a direct and proximate result of Old GM and New GM's breach of the warranty of merchantability, the Wyoming Class has been damaged in an amount to be proven at trial.

ONE HUNDRED FIFTIETH CLAIM FOR RELIEF

FRAUD BY CONCEALMENT

2836. In the event the Court declines to certify a nationwide Class under Michigan law, this claim is brought on behalf of the Wyoming Class.

2837. As described above, Old GM and New GM made material omissions and affirmative misrepresentations regarding the Defective Vehicles.

2838. The Companies knew these representations were false when made.

2839. The vehicles purchased or leased by the Wyoming Class were, in fact, defective, unsafe and unreliable, because the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision.

2840. The Companies had a duty to disclose that these vehicles were defective, unsafe and unreliable in that the vehicles were subject to sudden unintended shut down, with the attendant loss of power steering, power brakes, and the non-deployment of airbags in the event of a collision because the Wyoming Class relied on the Companies' representations that the vehicles they were purchasing and retaining were safe and free from defects.

2841. The aforementioned concealment was material because if it had been disclosed the Wyoming Class would not have bought, leased, or retained their vehicles.

2842. The aforementioned representations were material because they were facts that would typically be relied on by a person purchasing, leasing, or retaining a new or used motor vehicle. The Companies knew or recklessly disregarded that their representations were false because they knew that people had died as the result of the vehicles' defective ignition switch systems. The Companies intentionally made the false statements in order to sell vehicles and avoid the expense and public relations nightmare of a recall.

2843. The Wyoming Class relied on the Companies' reputation—along with their failure to disclose the ignition switch system problems and the Companies' affirmative assurance that its vehicles were safe and reliable and other similar false statements—in purchasing, leasing, or retaining the Defective Vehicles.

2844. As a result of their reliance, Wyoming Class members have been injured in an amount to be proven at trial, including, but not limited to, their lost benefit of the bargain and overpayment at the time of purchase and/or the diminished value of their vehicles.

2845. The Companies' conduct was knowing, intentional, with malice, demonstrated a complete lack of care, and was in reckless disregard for the rights of the Wyoming Class. Wyoming Class members are therefore entitled to an award of punitive damages.

ONE HUNDRED FIFTY-FIRST CLAIM FOR RELIEF

NEGLIGENCE
(On Behalf of the Arkansas, Louisiana, Maryland, and Ohio Classes)

2846. Plaintiffs Camille Burns, Jennifer Crowder, Robert Wyman, George Mathis, Jayn Roush, Bonnie Taylor, and Sharon Dorsey ("Plaintiffs," for purposes of this Count) bring this Count on behalf of the Arkansas, Louisiana, Maryland, and Ohio State Classes ("Negligence Classes").

2847. Old GM and New GM have designed, manufactured, sold, or otherwise placed in the stream of commerce Vehicles with defects, as set forth above.

2848. Od GM and New GM had a duty to design and manufacture a product that would be safe for its intended and foreseeable uses and users, including the use to which its products were put by Plaintiffs and the other members of the Negligence Classes. Old GM and New GM breached their duties to Plaintiffs and the other members of the Negligence Classes because they were negligent in the design, development, manufacture, and testing of the Vehicles, and New GM is responsible for this negligence.

2849. Old GM and New GM were negligent in the design, development, manufacture, and testing of the Vehicles because they knew, or in the exercise of reasonable care should have known, that the Vehicles equipped with defective ignition systems pose an unreasonable risk of death or serious bodily injury to Plaintiffs and the other members of the Negligence Classes, passengers, other motorists, pedestrians, and the public at large, because they are susceptible to incidents in which brakes, power steering, and airbags are all rendered inoperable.

2850. Whereupon Plaintiffs, individually and on behalf of the other members of the Negligence Classes, respectfully rely upon the Restatement (Second) of Torts § 395.

2851. Old GM and New GM further breached their duties to Plaintiffs and the other members of the Negligence Classes by supplying directly or through a third person defective Vehicles to be used by such foreseeable persons as Plaintiffs and the other members of the Negligence Classes when:

a. Old GM and New GM knew or had reason to know that the Vehicles were dangerous or likely to be dangerous for the use for which they were supplied; and

b. Old GM and New GM failed to exercise reasonable care to inform customers of the dangerous condition or of the facts under which the Vehicles are likely to be dangerous.

2852. Old GM and New GM had a continuing duty to warn and instruct the intended and foreseeable users of its Vehicles, including Plaintiffs and the other members of the Negligence Classes, of the defective condition of the Vehicles and the high degree of risk attendant to using the Vehicles. Plaintiffs and the other members of the Negligence Classes were entitled to know that the Vehicles, in their ordinary operation, were not reasonably safe for their intended and ordinary purposes and uses.

2853. At all times at which Old GM and New GM knew or should have known of the defects described herein, Old GM and New GM breached its duty to Plaintiffs and the other

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 330 of 337

members of the Negligence Classes because it failed to warn and instruct the intended and foreseeable users of its Vehicles of the defective condition of the Vehicles and the high degree of risk attendant to using the Vehicles.

2854. As a direct and proximate result of Old GM and New GM's negligence, Plaintiffs and the other members of the Negligence Classes suffered damages.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs, individually and on behalf of the Classes as defined herein, respectfully request that this Court enter a judgment against New GM and in favor of Plaintiffs and the Classes, and grant the following relief:

A. Determine that this action may be maintained and certified as a class action on a nationwide, statewide, and/or multistate basis under Rule 23(b)(1), 23(b)(2) and/or 23(b)(3); or alternatively, certify all questions, issues and claims that are appropriately certified under 23(c)(4); and that it designate and appoint Plaintiffs as Class Representatives, and appoint Class Counsel under Rule 23(g).

B. Declare, adjudge, and decree the conduct of New GM, as alleged herein, to be unlawful, unfair, and/or deceptive; enjoin any such future conduct; and issue an injunction under which the Court will, *inter alia*: (1) monitor New GM's response to problems with its recalls, defects in its replacement parts, and efforts to improve its safety processes, and (2) establish by Court decree and administrator, under Court supervision, a program funded by New GM, under which claims can be made and paid for Class members' recall-related out-of-pocket expenses and costs;

C. Award Plaintiffs and Class members their actual, compensatory and/or statutory damages, according to proof;

D. Award Plaintiffs and the Class members punitive and exemplary damages in an amount sufficient to punish New GM for its misconduct and deter the repetition of such conduct by New GM or others;

E. Award Plaintiffs and Class members their reasonable attorneys' fees, costs, and pre-judgment and post-judgment interest;

F. Award Plaintiffs and Class members restitution and/or disgorgement of New GM's ill-gotten gains for the conduct described in this Complaint; and

G. Award Plaintiffs and Class members such other, further and different relief as the case may require; or as determined to be just, equitable, and proper by this Court.

JURY TRIAL DEMANDED

Plaintiffs request a trial by jury on all claims so triable.

Dated: October 14, 2014

HAGENS BERMAN SOBOL SHAPIRO LLP

By: *<u>/s/ Steve W. Berman</u>*
Steve W. Berman

Steve W. Berman
steve@ hbsslaw.com
Sean R. Matt
sean@hbsslaw.com
Andrew M. Volk
andrew@hbsslaw.com
HAGENS BERMAN SOBOL SHAPIRO LLP
1918 Eighth Avenue, Suite 3300
Seattle, WA 98101
Telephone: (206) 623-7292
Facsimile: (206) 623-0594

LIEFF CABRASER HEIMANN & BERNSTEIN, LLP

By: *<u>/s/ Elizabeth J. Cabraser</u>*
Elizabeth J. Cabraser

Elizabeth J. Cabraser
ecabraser@lchb.com
LIEFF CABRASER HEIMANN & BERNSTEIN, LLP
275 Battery St., 29th Floor
San Francisco, CA 94111
Telephone: (415) 956-1000
Facsimile: (415) 956-1008

and

Steven E. Fineman (SF 8481)
sfineman@lchb.com
Rachel Geman (RG 0998)
rgeman@lchb.com
Annika K. Martin (AM 2972)
akmartin@lchb.com
LIEFF CABRASER HEIMANN & BERNSTEIN, LLP
250 Hudson Street, 8th Floor
New York, NY 10013-1413
Telephone: (212) 355-9500
Facsimile: (212) 355-9592

Plaintiffs' Co-Lead Counsel with Primary Focus on Economic Loss Cases

HILLIARD MUÑOZ GONZALES L.L.P.

By: *_/s/ Robert Hilliard_*
Robert Hilliard

Robert Hilliard
719 S Shoreline Blvd, Suite #500
Corpus Christi, TX 78401
Telephone: (361) 882-1612
Facsimile: (361) 882-3015

Plaintiffs' Co-Lead Counsel with Primary Focus on Personal Injury Cases

WEITZ & LUXENBERG, PC
Robin L. Greenwald
James Bilsborrow
700 Broadway
New York, NY 10003
Telephone: (212) 558-5500
Facsimile: (212) 344-5461

Plaintiffs' Liaison Counsel

BOIES, SCHILLER & FLEXNER LLP
David Boies
333 Main Street
Armonk, NY 10504
Telephone: (914) 749-8200

THE COOPER FIRM
Lance A. Cooper
531 Roselane St., Suite 200
Marietta, GA 30060
Telephone: (770) 427-5588

OTTERBOURG, STEINDLER, HOUSTON & ROSEN
Melanie Cyganowski
230 Park Avenue
New York, NY 10169-0075
Telephone: (212) 661-9100

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 334 of 337

GRANT & EISENHOFER, P.A.
Adam J. Levitt
30 N. LaSalle Street, Suite 1200
Chicago, IL 60602
Telephone: (312) 214-0000

NAST LAW LLC
Dianne M. Nast
1101 Market St., Suite 2801
Philadelphia, PA 19107
Telephone: (215) 923-9300

PODHURST ORSECK, P.A.
Peter Prieto
City National Bank Building
25 West Flagler Street, Suite 800
Miami, FL 33130
Telephone: (305) 358-2800

COTCHETT, PITRE & MCCARTHY, LLP
Frank Pitre
840 Malcolm Road, Suite 200
Burlingame, CA 94010
Telephone: (650) 697-6000

MOTLEY RICE LLC
Joseph F. Rice
28 Bridgeside Blvd.
Mt. Pleasant, SC 29464
Telephone: (843) 216-9159

ROBINSON CALCAGNIE ROBINSON
SHAPIRO DAVIS, INC.
Mark P. Robinson, Jr.
19 Corporate Plaza
Newport Beach, CA 92660
Telephone: (949) 720-1288

SUSMAN GODFREY, L.L.P.
Marc M. Seltzer
1901 Avenue of the Stars, Suite 950
Los Angeles, CA 90067
Telephone: (310) 789-3102

Plaintiffs' Executive Committee

Case 1:14-md-02543-JMF Document 379-2 Filed 11/03/14 Page 335 of 337

BARRIOS, KINGSDORF & CASTEIX, LLP
Dawn M. Barrios
701 Poydras St., Suite 3650
New Orleans, LA 70139
Telephone: (504) 524-3300

Federal / State Liaison Counsel

Jonathan Shub
jshub@seegerweiss.com
SEEGER WEISS LLP
1515 Market Street
Philadelphia, PA 19002
Telephone: (215) 564-2300
Facsimile: (215) 851-8029

Mark P. Pifko
MPifko@baronbudd.com
Roland K. Tellis
RTellis@baronbudd.com
BARON AND BUDD PC
15910 Ventura Boulevard Suite 1600
Encino, CA 91436
Telephone: (818) 839-2333
Facsimile: (818) 986-9698

W. Daniel ("Dee") Miles, III
dee.miles@beasleyallen.com
Archie I. Grubb, II
archie.grubb@beasleyallen.com
BEASLEY ALLEN CROW METHVIN
PORTIS & MILES PC
218 Commerce Street
PO Box 4160
Montgomery, AL 36104
Telephone: (334) 269-2343
Facsimile: (334) 954-7555

Norman E. Siegel
siegel@stuevesiegel.com
STUEVE SIEGEL HANSON LLP
460 Nichols Road, Suite 200
Kansas City, MO 64112
Telephone: (816) 714-7112
Facsimile: (816) 714-7101

Case 1:14-md-02543-JMF Document 179-2 Filed 07/03/14 Page 336 of 337

Michael A. Caddell
mac@caddellchapman.com
Cory S. Fein
csf@caddellchapman.com
CADDELL & CHAPMAN
1331 Lamar Street, Suite 1070
Houston, TX 77010
Telephone: (713) 751-0400
Facsimile: (713) 751-0906

Robert Ahdoot
rahdoot@ahdootwolfson.com
Tina Wolfson
twolfson@ahdootwolfson.com
Bradley K. King
bking@ahdootwolfson.com
AHDOOT AND WOLFSON, P.C.
1016 Palm Avenue
West Hollywood, CA 90069
Telephone: (310)-474-9111
Facsimile: (310)-474-8585

Jonathan W. Cuneo
jonc@cuneolaw.com
CUNEO GILBERT & LADUCA, LLP
8120 Woodmont Avenue, Suite 810
Bethesda, MD 20814
Telephone: (202) 789-3960
Facsimile: (202) 789-1813

Roger L. Mandel
rlm@lhlaw.net
LACKEY HERSHMAN LLP
3102 Oak Lawn Avenue Suite 777
Dallas, TX 75219
Telephone: (214)-560-2201

Gregory M. Travalio
gtravalio@isaacwiles.com
ISAAC WILES BURKHOLDER AND TEETOR
Two Miranova Place, Suite 700
Columbus, OH 43215
Telephone: (614) 221-2121
Facsimile: (614) 365-9516

Case 1:14-md-02543-JMF Document 379-2 Filed 11/13/14 Page 337 of 337

Benjamin L. Bailey
bbailey@baileyglasser.com
Eric B. Snyder
esnyder@baileyglasser.com
BAILEY & GLASSER, LLP
209 Capitol Street
Charleston, WV 25301
Telephone: (304) 345-6555
Facsimile: (304) 342-1110

Edward L. White
ed@edwhitelaw.com
EDWARD L. WHITE, P.C.
825 E. 33rd St.
Edmond, OK 73013
Telephone: (405) 810-8188
Facsimile: (405) 608-0971

Counsel to Certain Plaintiffs

EXHIBIT 5

RPTS KERR

DCMN SECKMAN

THE GM IGNITION SWITCH RECALL:

WHY DID IT TAKE SO LONG?

TUESDAY, APRIL 1, 2014

House of Representatives,

Subcommittee on Oversight

and Investigations,

Committee on Energy and Commerce,

Washington, D.C.

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

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

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

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

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

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

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

GM was not alone in examining problems with the Cobalt. The lead government safety regulator, the National Highway Traffic Safety Administration, known as NHTSA, was also evaluating concerns with the Cobalt. But NHTSA didn't look at the ignition switch problem, just air bag nondeployment. In 2007, 3 years after the Cobalt's release, the chief of NHTSA's Defects Assessment Division proposed that the agency investigate the Cobalt because he spotted a, quote, "pattern of nondeployments," unquote, in Cobalt air bags that didn't exist with similar sedans.

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

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

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

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

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

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

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

[The prepared statement of Mr. Murphy follows:]

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

Dr. Burgess. I thank the chairman for yielding.

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

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

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

I yield back.

[The prepared statement of Dr. Burgess follows:]

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

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

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

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

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

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

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

Mr. Chairman, we now know that these switches were defective from the start. In February of 2002, GM's ignition switch supplier, Delphi, informed the company that the switch did not meet GM's minimum specifications, but GM approved it anyway.

Now, yesterday, we sent Ms. Barra a letter about this decision. I would like unanimous consent to make that letter a part of the hearing record.

Mr. Murphy. Without objection.

[The information follows:]

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

Ms. DeGette. Soon after this approval, the defective cars were on the road, and it didn't take long for problems to appear. In 2003, June 2003, the owner of a Saturn Ion with 3,474 miles on the odometer made a warranty report that he or she, quote, "bumped the key and the car shut off." GM would receive more than 130 similar warranty claims from owners about this problem over the next decade, but it never informed the public or reported the problem to Federal safety regulators.

The minority staff conducted this warranty analysis, and again, we prepared a memo about these claims. I would also ask unanimous consent to put that in the record, Mr. Chairman.

Mr. Murphy. Without objection.

[The information follows:]

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

Ms. DeGette. Initially, GM opened multiple investigations into the ignition switch issue, each which concluded the switch was bad; it didn't meet the minimums. In 2005, GM identified solutions to the problem but concluded that, quote, "the tooling cost and piece price are too high... thus none of the solutions represents an acceptable business case."

Documents provided by GM show that this unacceptable cost increase was only 57 cents.

And Mr. Chairman, we have this document that we got from GM. Somehow it is not in the binder. I would ask unanimous consent to put this in the record as well.

Mr. Murphy. Without objection, so ordered.

[The information follows:]

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

Ms. DeGette. Another technical investigation completed in 2005 led GM to issue a technical service bulletin advising dealers to distribute key inserts to help reduce the problem. This was a simple fix to reduce the force on the switch.

And Mr. Chairman, these are the keys of one of my staff members who actually owns one of these cars, and as you can see, there is a long, long insert. What the key inserts were supposed to do is go in the middle and just create a little hole so the key and the keys wouldn't go back and forth. Unfortunately, GM never made this bulletin public. More than 500 people out of the thousands of drivers who had cars with faulty switches got the key insert, and GM knew it.

Soon after this decision, company officials quietly redesigned the switch, but they never changed the part number, and astonishingly, this committee has learned that when GM approved a new switch in 2006, they did it with still not -- still knowing that the new switch didn't meet specifications. The company even put more cars with bad switches on the road from 2008 until 2011, and we still don't know all the information about this.

Between 2003 and 2014, GM learned hundreds of reports of ignition switch problems through customer complaints, warranty claims, lawsuits, press coverage, field reports and even more internal investigations, but time and time again, GM did nothing. The company continued to sell cars, knowing they were unsafe.

I know we have a lot of family members here, Mr. Chairman, and I know -- and I want to express my deepest sympathies to them, but I want to tell them something more. We are going to get to the bottom of this. We are going to figure out what happened, and we are going to make sure it doesn't happen again.

Now, Mr. Chairman, I want to thank Ms. Barra for coming. She is brand new at the company. I believe she is committed to fixing this situation. We have a lot of questions to ask today, though, and I know every member of this committee is concerned about this. Thank you very much.

Mr. Murphy. And the gentlelady's time expired.

[The prepared statement of Ms. DeGette follows:]

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

Mr. Murphy. Now recognize the chairman of the full committee, Mr. Upton, for 5 minutes.

The Chairman. Well, thank you, Mr. Chairman.

We know that with a 2-ton piece of high velocity machinery, there is in fact a zero margin for error. Product safety is indeed a life or death issue, but sadly, vehicle safety has fallen short, and it is not the first time.

During the late summer of 2000, in this very room, I led the oversight hearings that examined the Ford-Firestone recalls, a tire malfunction was causing violent crashes, and Americans did not feel safe behind the wheel. We gathered testimony from the company and agency officials and reviewed thousands and thousands of pages of documents, and we found that the system indeed had failed. Information about the defective tires had been shared with the companies and with NHTSA, the parties failed to protect the public safety, and over 100 people died.

After that investigation, I introduced the TREAD Act to correct many of the problems that contributed to the Ford-Firestone tragedy. That bill was meant to ensure data about safety is reported so that defects can be quickly identified and fixed and lives ultimately saved. The TREAD Act has now been law since November of 2000, but yet here we are investigating another safety failure. It is deja vu all over again.

One month ago, GM issued a recall for an ignition switch defect in six vehicles, totalling 1.6 million cars. And last

Friday, they called another 900,000 vehicles. GM acknowledges that a dozen people have died in automobile crashes associated with that defect. Two were teenagers from my own community.

Testifying today are GM CEO Mary Barra and NHTSA Acting Administrator David Friedman, a first step in our quest to find out what went wrong.

The committee's purpose is the same as it was in 2000, making sure that drivers and families are protected and cars are safe. And I will repeat what I said at the first oversight hearings on Firestone tires in 2000. Today's hearing is very personal to me because I come from Michigan, the auto State, the auto capital of the world. That is no less true today. Michigan is proud of its auto industry, and while Michigan citizens build cars, obviously, we drive them, too.

Documents produced to the committee show that both NHTSA and GM received complaints about and data about problems with ignition switches and air bags. These complaints go back at least a decade. NHTSA engineers did crash investigations as early as 2005 and twice examined whether complaints with air bags constituted a trend. GM submitted early warning reports to NHTSA, including data about crashes in the recalled cars. With all that information available, why did it take so long to issue the recall?

In this case, just as it was with Ford-Firestone, it was news reports that brought the attention to the Nation's attention -- brought the problem to the Nation's attention. This investigation of the recall is indeed bipartisan, as it should be. We will follow the facts wherever they lead us, and we are going to work until we have the answers and can assure the public that indeed they are safe. I would like to note that the chairman of our CMT Subcommittee, Mr. Terry, will be joining us for questions this afternoon. With his subcommittee's record on motor vehicle safety issues, he will be watching closely as this investigation unfolds so that he can take our findings and determine whether and what changes may be needed to the laws designed to keep drivers safe on the road. After all, our goal on every issue follows the Dingell model: Identify the problem or abuse fully, and where needed, fix it with legislation so that it won't happen again.

I yield to the vice chair of the committee, Mrs. Blackburn.

[The prepared statement of The Chairman follows:]

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

Mrs. Blackburn. Thank you, Mr. Chairman.

And Ms. Barra, thank you very much for being here today. We really owe this hearing to the American people, to GM customers, and to the relatives of the 12 individuals that have lost their lives. And it is important that we get to the bottom of this and to see what the roles of GM and NHTSA were in this, figure out who is at fault, and we want to know who knew what when.

And Ms. Barra, that includes you. We are going to want to know what your exposure was to this issue as you took the helm at GM as the CEO.

You know, in my district, we have the GM plant. The Saturn Ion has been recalled. That was made at that plant there in Spring Hill, so this is something that is important to my constituents. Those that have worked with GM, I thank you for being here, and we look forward to the answers.

I yield back.

Mr. Murphy. Thank you. The gentlelady yields back.

[The prepared statement of Mrs. Blackburn follows:]

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

Mr. Murphy. I now recognize the ranking member of the full committee, Mr. Waxman, for 5 minutes.

Mr. Waxman. Thank you very much, Mr. Chairman. I have a sad sense of deja vu as I sit here today. I was part of this committee when we held our Ford-Firestone hearing in 2000. I led the committee's hearing on Toyota's problems with unintended acceleration in 2010. Each time, we heard about how auto manufacturers knew about potential defects and about how Federal safety officials at the National Highway Traffic Safety Administration missed signals that should have alerted them to defective cars on the road, and here we are today under similar circumstances.

Over the last month, the full dimensions of another auto safety disaster have unfolded. General Motors has recalled 2.5 million vehicles due to a defective ignition switch, and the company has acknowledged that these cars have caused dozens of crashes and 13 fatalities.

Mr. Chairman, I know the families of some of these victims are in the audience for today's hearing. I want to acknowledge them, thank them for coming. We owe it to them to find out what happened.

The facts that we already know are hard to believe. GM has known for years about this safety defect and has failed to take appropriate action to fix the problem. The company installed an ignition switch it knew did not meet its own specifications.

Numerous internal investigations resulted in nothing but a nonpublic technical service bulletin that partially fixed the problem for fewer than 500 drivers.

A new analysis I released this morning revealed that over the last decade, GM received over 130 warranty claims from drivers and GM technicians who experienced and identified the defect. Drivers reported that their car shut off after hitting bumps or potholes at highway speeds when they did something as simple as brushing the ignition switch with their knee. One GM technician even identified the exact part causing the problem, a spring that would have caused at most as much as a few postage stamps, a couple of dollars.

Because GM didn't implement this simple fix when it learned about the problem, at least a dozen people have died in defective GM vehicles. What is more, new information the committee received last week suggests that GM still has failed to fully own up to potential problems. GM finally modified the ignition switch for later model cars, but Delphi, the manufacturer of the ignition switch, told the committee that the switches installed in model year 2008 to 2011 vehicles still did not meet GM's own specifications. GM finally announced a recall of these vehicles last Friday but told the public that it was because of bad parts installed during repairs, not because of defective parts originally installed in the vehicles.

There are legitimate questions we need to ask about whether

NHTSA did enough to identify and uncover this problem. In retrospect, it is clear that the agency missed some red flags, but NHTSA was also laboring under a handicap. There appears to have been a lot of information that GM knew but they didn't share with the National Highway Traffic Safety Administration. We need to make sure that NHTSA and the public have access to the same information about safety as auto executives.

That is why today I am introducing the Motor Vehicle Safety Act of 2014. This bill is modeled on the legislation that the committee passed in 2010 but was never enacted into law. It will make more information on defects available to the public, and it will increase NHTSA's funding and increase civil penalties for manufacturers when companies like GM fail to comply with the law.

Mr. Chairman, we should learn as much as we can from this investigation. Then we should improve the law to make sure we are not here again after another auto safety tragedy in the near future. I want to yield back my time. Thank you.

Mr. <u>Murphy.</u> The gentleman yields back.

[The prepared statement of Mr. Waxman follows:]

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

Mr. Murphy. I would now like to introduce the witness on the first panel for today's hearing. Ms. Mary Barra is the chief executive officer of General Motors Company and has been in this role since January 15th, 2014, when she also became a member of its board of directors.

She has held a number of positions in this company. From 2008 to 2009, Ms. Barra served as vice president of global manufacturing engineering, and from 2005 to 2008, she was executive director of vehicle manufacturing engineering. She has also served as a plant manager and director of competitive operations engineering as well as numerous other positions.

I will now swear in the witness.

Ms. Barra, you are aware that the committee is holding an investigative hearing and, when doing so, has a practice of taking testimony under oath. Do you have any objections to testifying under oath?

Ms. Barra. No.

Mr. Murphy. The chair then advises you that under the Rules of the House and under the rules of the committee, you are entitled to be advised by counsel. Do you desire to be advised by counsel during today's hearing?

Ms. Barra. No.

Mr. Murphy. In that case, if you would please rise and raise your right hand, I will swear you in.

[Witness sworn.]

Mr. Murphy. Thank you. Ms. Barra, you are now under oath and subject to the penalties set forth in Title 18, Section 1001 of the United States Code. You may now give a 5-minute summary of your written statement.

STATEMENT OF MARY T. BARRA, CHIEF EXECUTIVE OFFICER, THE GENERAL MOTORS COMPANY

Ms. Barra. Thank you, Mr. Chairman and committee members.

Mr. Murphy. Please pull your microphone close to your mouth and make sure it is on. Thank you.

Ms. Barra. Can you hear me? Okay.

Thank you, Mr. Chairman and committee members. My name is Mary Barra, and I am the chief executive officer of General Motors. I appreciate the opportunity to be here today. More than a decade ago, GM embarked on a small-car program. Sitting here today, I cannot tell you why it took so long for a safety defect to be announced for this program, but I can tell you we will find out.

This is an extraordinary situation. It involves vehicles we no longer make, but it came to light on my watch, so I am responsible for resolving it.

When we have answers, we will be fully transparent with you, with our regulators, and with our customers.

While I cannot turn back the clock, as soon as I learned about the problem, we acted without hesitation. We told the world we had a problem that needed to be fixed. We did so because whatever mistakes were made in the past, we will not shirk from our responsibilities now or in the future.

Today's GM will do the right thing. That begins with my sincere apologies to everyone who has been affected by this recall, especially the families and friends who lost their lives or were injured. I am deeply sorry.

I have asked former U.S. Attorney Anton Valukas to conduct a thorough and unimpeded investigation of the actions of General Motors. I have received updates from him, and he tells me he is well along with his work. He has free rein to go where the facts take him, regardless of outcome. The facts will be the facts. Once they are in, my leadership team and I will do what is needed to help assure this does not happen again. We will hold ourselves fully accountable.

However, I want to stress I am not waiting for his results to make changes. I have named a new vice president of global vehicle safety, a first for General Motors. Jeff Boyer's top priority is to quickly identify and resolve any and all product safety issues. He is not taking on this task alone. I stand with him, and my senior leadership team stands with him as well, and we will welcome input from outside of GM, from you, from NHTSA, from our customers, our dealers, and current and former employees.

The latest round of recalls demonstrates just how serious we are about the way we want to do things at today's GM. We've identified these issues, and we brought them forward and we're fixing them. I have asked our team to keep stressing the system at GM and work with one thing in mind, the customer and their safety are at the center of everything we do. Our customers who have been affected by this recall are getting our full and undivided attention. We are talking directly to them through a dedicated Web site with constantly updated information and through social media platforms. We have trained and assigned more people, over 100, to our customer call centers, and wait times are down to seconds. And of course, we are sending customers written information through the mail.

We have empowered our dealers to take extraordinary measures to treat each case specifically. If people do not want to drive a recalled vehicle before it is repaired, dealers can provide them with a loaner or a rental car free of charge. Today, we provided nearly 13,000 loaner vehicles. If a customer is already looking for another car, dealers are allowed to provide additional cash allowances for the purchase of a lease or new vehicle.

Our supplier is manufacturing new replacement parts for the vehicles that are no longer in production. We have commissioned two lines and have asked for a third production line. And those parts will start being delivered to dealers next week. These measures are only the first in making things right and rebuilding trust with our customers. And as I have reminded our employees, getting the cars repaired is only the first step. Giving customers the best support possible throughout this process is how we will be judged.

I would like this committee to know that all of our GM employees and I are determined to set a new standard. I am encouraged to say that everyone at GM, up to and including our board of directors, supports this. I am a second generation GM employee, and I am here as our CEO. But I am also here representing the men and women who are part of today's GM and are dedicated to putting the highest quality, safest vehicles on the road.

I recently held a town hall meeting to formally introduce our new VP of safety. We met at our technical center in Michigan. This is one of the places where the men and women who engineer our vehicles work. They are the brains behind our cars, but they are also the heart of General Motors. It was a tough meeting. Like me, they are disappointed and upset. I could see it in their faces. I could hear it in their voices. They had many of the same questions that I suspect are on your mind. They want to make things better for our customers and, in that process, make GM better. They particularly wanted to know what we plan to do for those who have suffered the most from this tragedy.

That is why I am pleased to announce that we have retained Kenneth Feinberg as a consultant to help us evaluate the situation and recommend the best path forward. I am sure this committee knows Mr. Feinberg is highly qualified and is very experienced in handling matters such as this. Having led the compensation efforts involved with 9/11, the BP oil spill, and the Boston marathon bombing, Mr. Feinberg brings expertise and objectivity to this effort.

As I have said, I consider this to be an extraordinary event, and we are responding to it in an extraordinary way. As I see it, GM has civil responsibilities and legal responsibilities. We are thinking through exactly what those responsibilities are and how to balance them in an appropriate manner. Bringing in Mr. Feinberg is the first step.

I would now be happy to answer your questions. Thank you.

Mr. Murphy. Thank you, Ms. Barra.

[The prepared statement of Ms. Barra follows:]

******** INSERT 1-1 ********

Mr. Murphy. I also want to acknowledge all the families that are here today and know that we are aware and have sympathies of all the committee here. One Kelly Erin Ruddy of Scranton, Pennsylvania, is one of those who we offer sympathy to the family, but we have all of your in our hearts.

Ms. Barra, our committee reviewed more than 200,000 pages of documents. What we found is that as soon as the Cobalt hit the road in 2004, drivers began to immediately complain to General Motors that the car's ignition systems didn't work properly. You can imagine how frightening it is to drive a car that suddenly you lose your power steering and power brakes. When the switch for the Cobalt was being built back in 2002, GM knew the switch did not meet its specification for torque. Am I correct?

Ms. Barra. Yes.

Mr. Murphy. GM engineers began to look at the problem and try to figure out how to address it. GM understood the torque and the switch as measured below its own specifications. Is that right?

Ms. Barra. Yes.

Mr. Murphy. Is it common practice for GM to accept a part that does not meet GM specifications?

Ms. Barra. No, but there is a difference between a part meeting or not meting specifications and a part being defective.

Mr. Murphy. So under what scenario is accepting parts that don't meet GM specs allowable?

Ms. Barra. An example would that be when you are purchasing steel. You will set a specification for steel, but then because of the different suppliers and availability of steel to make products, you will assess the performance, the functionality, the durability, you know, the aspects of the part, or in this case, steel, that is necessary to live up to what the performance and the durability the safety needs to be.

Mr. Murphy. Well, let's --

Ms. Barra. So that is an example of when you would have a part or have material that doesn't meet the spec that was set out but is acceptable from a safety, from a functionality perspective, performance as well.

Mr. Murphy. Is that switch acceptable?

Ms. Barra. The switch -- I am sorry, the switch.

Mr. Murphy. Is the switch acceptable?

Ms. Barra. At what timeframe, I am sorry?

Mr. Murphy. Well, at the beginning. It didn't meet the specs for GM, so is that what you would consider acceptable?

Ms. Barra. As we -- as we clearly know today, it is not.

Mr. Murphy. So, in 2006, GM changed its ignition switch, and GM's switch supplier Delphi put in a new spring to increase the torque. Am I correct?

Ms. Barra. I didn't hear the last part. I am sorry.

Mr. Murphy. GM switch supplier Delphi put a new spring in to increase the torque. Is that correct?

Ms. Barra. There was a new part.

Mr. Murphy. Thank you. Now, in that binder next to you, if you would turn to tab 25. This is an email exchange between Delphi employees in 2005 discussing the changes to the ignition switch. The email notes that a GM engineer is asking for information about the ignition switch because, quote, "Cobalt is blowing up in their face in regards to turning the car off with the driver's knee," unquote.

If this was such a big problem, why didn't GM replace the ignition switch in the cars already on the road, the cars where the torque fell well below GM's specifications, instead of just the new cars, why?

Ms. Barra. What you just said does not match under tab 25.

Mr. Murphy. It is the bottom of the page; there should be something there. Well, just note that what I have said -- I apologize for that.

Ms. Barra. Okay.

Mr. Murphy. But there was a statement made, that Cobalt is blowing up in their face just by a bump of the driver's knee.

Ms. Barra. Clearly, there were a lot of things that happened. There has been a lot of statements made as it relates. That is why we have answered Anton Valukas to do a complete investigation of this process. We are spanning over a decade of time.

Mr. Murphy. But you don't know why they didn't just replace the switch on the old cars as well as the new cars?

Ms. Barra. I do not know the answer to that, and that is why we are doing this investigation.

Mr. Murphy. Well, given the number of complaints about ignitions turning off while driving, why wasn't this identified as a safety issue?

Ms. Barra. Again, I can't answer specific questions at that point in time. That is why we are doing a full and complete investigation.

Mr. Murphy. Well, then, another one, in the chronology GM submitted to NHTSA, GM states it didn't make the connection between the ignition switch problems and the air bag nondeployment problems until late 2013. So my question is, when GM decided to switch the ignition in 2006, did the company ever examine how a faulty ignition switch could affect other vehicle systems like the air bags?

Ms. Barra. Again, that is part of the investigation.

Mr. Murphy. Should they?

Ms. Barra. Should we understand?

Mr. Murphy. Should they look at how it affects other vehicle systems?

Ms. Barra. Yes.

Mr. Murphy. Let me ask another question then. So when GM concluded, and you heard from my opening statement, that the tooling cost and price pieces are too high, what does that mean?

Ms. Barra. I find that statement to be very disturbing. As we do this investigation and understand it in the context of the whole timeline, if that was the reason the decision was made, that is unacceptable. That is not the way we do business in today's GM.

Mr. Murphy. Well, how does GM balance cost and safety?

Ms. Barra. We don't. Today, if there is a safety issue, we take action. If we know there is a defect in our vehicles, we do not look at the cost associated with it. We look at the speed in which we can fix the issue.

Mr. Murphy. Was there a culture in GM at that time that they would have put cost over safety?

Ms. Barra. Again, we are doing a complete investigation, but I would say, in general, we have moved from a cost culture after the bankruptcy to a customer culture. We have trained thousands of people on putting the customer first. We have actually gone with outside training. It is a part of our core values, and it is one of the most important cultural changes we are driving in General Motors today.

Mr. Murphy. I understand today. We are asking about then.

I am out of time.

Ms. DeGette, you are recognized for 5 minutes.

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

Ms. Barra, GM knew about the defect in the ignition switches as far back as 2001, 13 years before the recall. Correct? Yes or no will work.

Ms. Barra. The investigation will tell us that.

Ms. DeGette. You don't know when GM knew about the defect?

Ms. Barra. I will -- I would like --

Ms. DeGette. Take a look at tab 7 in your notebook, Ms. Barra. This is a GM document, and what this GM document talks about is this switch. It says, Tear down evaluation on the switch revealed two causes of failure, low contact force and low detent plunger force.

Do you recognize that document, ma'am?

Ms. Barra. This is the first I have seen this document.

Ms. DeGette. Okay. Well, so you don't know how long GM knew about this, right?

Ms. Barra. And that is why -- and that is why I am doing an investigation.

Ms. DeGette. Okay. In fact, Delphi, the manufacturer of the ignition switch, informed GM in 2002 that the switch was supposed to be 15 minimum torque specification, but in fact, these switches were between 4 and 10, didn't it?

Ms. Barra. The specification is correct that it was supposed to be 20, plus or minus 5.

Ms. DeGette. And these switches were between 4 and 10, correct? Yes or no will work.

Ms. Barra. We know that now.

Ms. DeGette. And -- and GM was notified by Delphi of this correct, yes or no?

Ms. Barra. I am not aware of being notified.

Ms. DeGette. Okay. Then --

Ms. Barra. Can I also correct I was not aware that --

Ms. DeGette. I need a yes or no. I only have 5 minutes. I am sorry.

So, as far back as 2004, 10 years ago, GM conducted a problem resolution tracking system inquiry after it learned of an incident where the key moved out of the run condition in a 2005 Chevrolet Cobalt. Is this correct?

Ms. Barra. Again, you are relating specific incidents that happened --

Ms. DeGette. You don't know?

Ms. Barra. -- in our entire investigation.

Ms. DeGette. You don't know about that? Take a look at tab 8, please. And by the way, ma'am, I am getting this information from the chronology that GM provided to NHTSA.

Ms. Barra. Right. And they are --

Ms. DeGette. So, let me ask you again, as far back as 2004, GM conducted a problem resolution tracking system inquiry after it learned of an incident where the key moved out of the run condition. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. Thank you.

Now, after the PRTS inquiry, one engineer advised against further action because there was, quote, "no acceptable business case to provide a resolution and the PRTS was closed." Is that correct?

Ms. Barra. If that is true, that is a very disturbing fact.

Ms. DeGette. Yes, it is.

Ms. Barra. That is not the way we make decisions.

Ms. DeGette. Okay. Again in 2005, GM received more reports of engines stopping when the keys were jerked out of the run condition. Further investigations were conducted, and engineers proposed changes to the keys. Is that correct?

Ms. Barra. It is part of our investigation to get that complete timeline.

Ms. DeGette. Much of this I am taking from the timeline GM has already done.

Ms. Barra. Which was a summary.

Ms. DeGette. Okay. So, as a result of the investigation, a technical service bulletin was issued to dealers that if car owners complained, they should be warned of this risk and advised to take unessential items from the key chain, but this recommendation was not made to the public. No public statements were issued. No recall sent. Is that correct?

Ms. Barra. To my understanding, yes.

Ms. DeGette. Thank you.

In 2006, GM contracted with Delphi to redesign the ignition switch to use a new detent plunger and spring that would increase torque force in the switch. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. And for some reason, though, the new switch was not given a part number and instead shared a number with the original defective switch. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. Now, this new switch also did not meet GM's minimum torque specifications either. This one, Delphi said, was in the range of 10 to 15, and it really should have been 15 at a minimum. Is that correct?

Ms. Barra. I have not seen the test results from that.

Ms. DeGette. You don't know that. Okay.

Now, despite these facts, GM continued to manufacture its car with these same ignition switches for the model years 2008 to 2011. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. And between 2004 and 2014, no public notices were issued as a result of GM's knowledge of these facts and no recalls were issued for the over 2.5 million vehicles manufactured with these defective ignition switches. Is that correct?

Ms. Barra. Yes.

Ms. DeGette. And finally, three recalls were made this year, 2014, two in February, and one just last Friday. Is that right?

Ms. Barra. Related to this ignition switch?

Ms. DeGette. Now, I have -- I have just a couple of more questions.

The first question I have, Ms. Barra, GM is intending to replace all the switches for those cars beginning on April 7th. Is that right?

Ms. Barra. We will begin shipping material or new parts this week.

Ms. DeGette. Now, are you going to put a completely redesigned switch, or are you going to put the old switches from 2006 into those cars?

Ms. Barra. It is going to be a switch that meets the --

Ms. DeGette. Is it going to be a newly designed switch or is it going to be the old switch from 2006?

Ms. Barra. It is the old design that meets the performance that is required to act -- to operate safely.

Ms. DeGette. Okay. I have more questions, Mr. Chairman. Perhaps we can do another round. Thank you.

Mr. Murphy. But an important part, a follow up of several members being concerned about this, too. You are saying that there is an ongoing investigation; you cannot comment on these yet. Are you getting updates on a regular basis as this is going on?

Ms. Barra. From Mr. Valukas?

Mr. Murphy. From anybody in the company regarding these proceedings, are you getting updates?

Ms. Barra. Yes, I am.

Mr. Murphy. Thank you.

Now go to the chairman of the full committee, Mr. Upton for 5 minutes.

The Chairman. Thanks, again, Ms. Barra, for being here this afternoon. I want to make sure that we ask similar questions of both you and of NHTSA. We want to learn about the documents that were submitted on a timely and appropriate basis to NHTSA, and in fact, what did they do with that information.

The documents that we have looked at as produced show that GM received complaints about its Cobalt ignition switches for about 2 years that ultimately resulted in a redesigned ignition switch in 2006. Who within GM would have known about those specific complaints? What was the process back then?

Ms. Barra. I was not a part of that organization at the time. That is why I am doing the investigation to understand that.

The Chairman. So you don't know the folks that it would have been reported to at this point. Is that right?

Ms. Barra. I don't know the people who would have been handling this issue at that point.

The Chairman. But you are getting updates, and what is -- what is supposed to happen? Looking back, what should have happened when these reports came in?

Ms. Barra. In general, when you have an issue, a product issue, a safety issue, a field incident, any type of issue that comes in, you have a team of engineers that are the most knowledgeable that work on that. If they see there is an issue, they elevate it to a cross-functional team that looks at it, and then it goes to a group for decision.

The Chairman. Now, we know that the ignition switch was in fact redesigned because it didn't meet the specs that were there. Is that right?

Ms. Barra. Yes.

The Chairman. Now, I would guess engineering 101 would normally require that when you assign a new part or replace a new part or replace a part with a new part, that that newly redesigned part, in fact, should have a different number on it. Is that right?

Ms. Barra. That is correct.

The Chairman. So, and that didn't happen, right, did not happen?

Ms. Barra. That is correct.

The Chairman. Who within GM made the decision to move forward with that redesigned switch without a new part number? Do you know who that is?

Ms. Barra. I do not know the name of the individual.

The Chairman. Are you going to be able to find that out for us?

Ms. Barra. Yes, I will.

The Chairman. And will you give that name to our committee?

Ms. Barra. And provide that.

The Chairman. Who -- is it -- would it -- is it likely that that same person was the one that decided not to recall the defective version? Where in the timeline is that?

Ms. Barra. I don't know, but that is part of the investigation that we are doing.

The Chairman. Do you know when it was that it was discovered, what year, you know, where in the timeline that it was discovered that in fact a new part number was not assigned?

Ms. Barra. I became aware of that after we did the recall and the timeline was put together.

The Chairman. So that was just in the last month or so. Is that right?

Ms. Barra. That is when I became aware.

The Chairman. But when -- when did GM realize that no new part number had been assigned?

Ms. Barra. Again, that is part of our investigation. I am -- I want to know that just as much as you because that is an unacceptable practice. It is not the way we do business.

The Chairman. So, you stated publicly that something went wrong with our process. How is the process supposed to work? How is this -- how are you redesigning the process to ensure that in fact it should work the way that it needs to work?

Ms. Barra. Well, one of things we are doing is the investigation by Mr. Valukas. I have some early findings from Mr.

Valukas. As we look across the company, it appears at this time there was information in one part of the company, and another part of the company didn't have access to that. At times, they didn't share information just by course of process or they didn't recognize that the information would be valuable to another area of the company. We have fixed that. We have announced a new position. Jeff Boyer who is the vice president of Global Vehicle Safety, all of this we will report to him. He will have additional staff and will have the ability to cut across the organization and will also have the right functional leadership that understands what is going on in the different areas, so that is a fix we have already made, and he is operating that way today.

The Chairman. So, when GM received complaints about the ignition switches for a number of years and ended up resulting in the redesigned ignition switch in 2006, when was it that anyone linked up the ignition switch problems to look at the Cobalt's air bags not deploying? Was that at about the same time? Was that later? What is the timeline on that?

Ms. Barra. That is something I very much want to understand and know, but I again, this is -- we are doing an investigation that spans over a decade, and it is very important, because designing a vehicle is a very complex process, that we get a detailed understanding of exactly what happened because that is the only way we can know that we can fix processes and make sure it never happens again.

The Chairman. When was it that GM informed NHTSA that in fact a redesigned -- did in fact GM inform NHTSA that the ignition switch had been redesigned?

Ms. Barra. I don't know that.

The Chairman. I yield back.

Mr. Murphy. The gentleman yields back.

I now recognize the ranking member of the full committee, Mr. Waxman, for 5 minutes.

Mr. Waxman. Thank you, Mr. Chairman.

Ms. Barra, we heard about how in 2002, GM approved the use of faulty ignition switches in Cobalts, Ions and other cars. That is what caused many of the problems that led to the recall of the cars from model years 2003 to 2007. So new ignition switches were designed and approved by General Motors. These were switches that were used -- were in use in the model years 2008 to 2010. Does that all sound right to you? Am I correct in what I am saying?

Ms. Barra. There is a couple of statements you made at the beginning that I don't know to be true.

Mr. Waxman. Well, in 2002, GM approved the use of what turned out to be faulty ignition switches in several of these cars.

Ms. Barra. They were actually in -- they were parts that went into a 2003 was the earliest model.

Mr. Waxman. Well, the tests were done in 2002, but the cars were 2003 to 2007, so we had a recall of those cars.

Ms. Barra. Right.

Mr. Waxman. And then there was a new switch, new ignition switch designed and approved by GM, and these new switches were in use in the model years 2008 to 2010 Cobalts and Ions. Is that --

Ms. Barra. To the best of my knowledge, that's correct.

Mr. Waxman. Okay. But in a briefing last week, Delphi told committee staff that these new switches also did not meet GM specifications. They told us the force required to turn these switches was about two-thirds of what GM said it should be, and documents that were provided to the committee also confirmed that top GM officials were aware of the out-of-spec switches in 2008 to 2002 vehicles in December 2013.

So, there's a document, if you want to look it up, it's tab 39, page 6 of your binder. There was a December presentation for GM's high level executive field action decision committee, and that meeting -- at that meeting they show that the performance measurement for almost half of the 2008, so you go to 2008-2010 model year vehicles, ignition switches were below the minimum GM required specifications. My question to you is, are you concerned that many 2008 to 2010 model year cars have switches that do not meet the company specifications?

Ms. Barra. As we assess the situation, my understanding that there was work going on to look at the switches again, looking at just because a switch, or a part, any generic part doesn't meet specifications does not necessarily mean it is a defective part.

As that analysis was going on, at the same time we were doing the look across to make sure we could get all of the spare parts, and when we recognized that spare parts might be -- have been sold through third parties that have no tracking to know which vend, we made the decision to recall all of those vehicles.

Mr. Waxman. Well, your own executives were informed that a lot of these cars, that those model years had switches that were just as defective as the 2003 to 2007 cars, that -- those cars were recalled, but you didn't recall the model year 2008 to 2011 vehicles until a month later on March 28th. Why did the company delay in recalling these newer vehicles?

Ms. Barra. The company was looking -- my understanding is the company was assessing those switches, but again, at the same time, in parallel, they were looking at the spare parts issue, and the spare parts issue became very clear we needed to go and get all of those vehicles because we couldn't identify which vehicles may have had a spare part put in them, and we then recalled the entire population.

Mr. Waxman. But you recalled those vehicles. You recalled them later.

Ms. Barra. Yes, we did.

Mr. Waxman. But not when you knew there was a problem.

Ms. Barra. Well, we recall them --

Mr. Waxman. Your recall of these later vehicles did not mention the faulty switches that were originally installed in the cars. They mention only, quote, faulty switches may have been used to repair the vehicles.

Why did the company not announce that subpar switches may have been installed in those vehicles in the first place?

Ms. Barra. Again, there was an assessment going on to understand if the specification -- the parts performance was adequate.

Mr. Waxman. Well, wasn't it misleading to say that that company didn't tell them sub par switches may have been installed in the first place? What if I owned a later model car with its original ignition switch, your recall implies that I don't have to do anything, but my car might still, still have a sub par switch. Will your company conduct a detailed analysis of these late model vehicles to determine if they are safe and will you provide the committee with warranty reports and other information so we can do our own analysis?

Ms. Barra. I believe we're recalling all of those parts. All of those vehicles are being recalled.

Mr. Waxman. They are all being recalled.

Well, I must say, in conclusion, Mr. Chairman, I am concerned. I know you have taken this job in an auspicious time; you are trying to clean up a mess that was left behind for you by your predecessors, but I have one last question. How can GM assure its customers that new switches being installed beginning April 7 will finally meet GM's requirements?

Mr. Murphy. Thank you.

Ms. Barra. We have done -- we are working very closely with our supplier. Our executive director responsible for switches is personally looking at the performance of the new switches. We will do 100 percent end-of-line testing to make sure that the performance, the safety, the functionality of these switches are safe.

Mr. Murphy. Thank you. Gentleman's time expired.

Ms. Barra, you are being asked a number of questions. I just want to be clear. Did you review the documents that GM submitted to the committee?

Ms. Barra. No, I did not. There was over 200,000 pages, my understanding.

Mr. Murphy. How about the document Mr. Waxman was talking about? Did you review that?

Ms. Barra. This page right here?

Mr. Murphy. Yes.

Ms. Barra. I actually saw this for the first time I think a day ago.

Mr. Murphy. Thank you.

I now recognize Mrs. Blackburn for 5 minutes.

Mrs. Blackburn. Thank you, Mr. Chairman.

Ms. Barra, you mentioned several times in your comments "today's GM," so my assumption is that you are going to run GM in a different manner than it has been run in the past.

Ms. Barra. That is correct.

Mrs. Blackburn. And that you are making some changes.

I want to ask you just a little bit about timeline, helping us to get our hands around this because this is the first investigation we are going to do. We are going to have others and continue to look at this to get answers and figure out what has happened here between you all and NHTSA and also within what happened at GM.

So you mentioned in your testimony that this came to light on your watch, so I am assuming that there was no widespread knowledge in GM about this issue until you became CEO. Am I correct on that?

Ms. Barra. At the senior level of the company, we learned of this after the recall decision was made on January 31st. I was aware in late December there was analysis going on on the Cobalt issue, but I had no more information than that. But I can assure you, as soon as we understood, the senior leadership understood this issue and that a recall decision had been made, we acted without hesitation.

RPTS BAKER

DCMN WILTSIE

[2:58 p.m.]

Ms. Blackburn. Okay. Then, how did you find out about it? Was it through someone bringing the issue to you to say, "Ms. Barra, we have a real problem here" or, in doing your due diligence, did you find out about it?

Ms. Barra. The leadership committee responsible for making recall decisions made a decision on January 31. They notified Mark Royse, who immediately picked up the phone and called me.

Ms. Blackburn. Okay. And could you submit to us the members of that leadership committee that makes those recommendations.

Ms. Barra. Yes.

Ms. Blackburn. Thank you.

And then was your predecessor -- Mr. Akerson, your predecessor, was he aware of this issue?

Ms. Barra. Not to my knowledge.

Ms. Blackburn. He was not.

Are any of the members of the leadership committee also -- were they a part of his leadership committee?

Ms. Barra. There are members of today's team that were also members of Mr. Akerson's leadership team. And, to my knowledge, they were not aware.

Ms. Blackburn. Do you think there was a coverup or it was sloppy work?

Ms. Barra. That is the question I have asked Mr. Valukus to uncover, and I am anxiously awaiting the results from his study.

Ms. Blackburn. Okay. Do you think it had anything to do with the auto bailout?

Ms. Barra. I am sorry?

Ms. Blackburn. With the auto bailout. Do you think it had any --

Ms. Barra. Again, I need to get the results of the study to make all determinations.

Ms. Blackburn. And going back to what Mr. Upton said, you are going to be sharing that information with us?

Ms. Barra. Yes. We will be transparent.

Ms. Blackburn. Okay. The engineers that were responsible for this, have you brought them into the process? I know this is something that the part was actually created by Delphi. Correct?

Ms. Barra. Correct.

Ms. Blackburn. And they have an engineering team that was working on that; so, they have a shared responsibility and liability in this entire issue.

Have you met with them and with the engineering team that was responsible for this switch?

Ms. Barra. I have not met with the specific engineering team that is responsible, but I am speaking to leadership. And those individuals are being interviewed as part of the investigation conducted by Mr. Valukus.

Ms. Blackburn. Okay. Now, going back, did you say that this was a defective part when you talked about it earlier?

Ms. Barra. We have learned when we knew -- when the recall decision was made and we later went back and looked at the chronology, there is points that suggest, and that is why we are doing the investigation.

Ms. Blackburn. Okay. All right. Now, I think that you are going to hear from more than one of us about not having a new part number assigned.

Who made that decision? Was that strictly a Delphi decision or did that come into the GM supply chain for that decision to be made as to how that part number would be coded?

Ms. Barra. At a general level, General Motors is responsible for General Motors' parts numbers. But, again, that is part of the investigation, to understand how that happened.

Ms. Blackburn. Okay. Does that seem inconceivable to you?

Ms. Barra. Yes. It is inconceivable. It is not our process, and it is not acceptable.

Ms. Blackburn. Okay. I would think that it probably is not.

Have you asked Delphi if you can have access to their documentation and their email chain dealing with this issue?

Ms. Barra. I have not. And, again, Mr. Valukus will go -- as the investigation takes him to get the information he needs to make a complete and accurate accounting of what happened.

Ms. Blackburn. My time has expired.

Thank you, Mr. Chairman. I yield back.

Mr. Murphy. Just for clarification, Ms. Blackburn, we have asked for that email chain from Delphi and we will let you know when we get that.

Now recognize Chairman Emeritus of the committee, Mr. Dingell, for 5 minutes.

Mr. Dingell. Mr. Chairman, I thank you for your courtesy.

I begin by telling the families of those who were injured or killed by the defective General Motors' vehicles they have our sympathy, and we believe the events here are tragic, indeed. And I join everyone in expressing my condolences to the families who were killed or injured in those crashes.

Now it is incumbent upon the Congress, Federal regulators, and General Motors to determine how these deaths could have happened and to take reasonable steps to ensure that the safety of American motorists and their families are moving forward. I expect that this investigation will be thorough. And I counsel all the stakeholders to be unabashedly forthright.

Now, Ms. Barra, I would like to build on Chairman Murphy's line of questioning. And all of my questions will require "yes" or "no" answers. If you cannot answer some of my questions, I expect that you will submit responses for the record and all available relevant supporting materials.

Now, Ms. Barra, is it correct that GM has now recalled approximately 2.5 million small cars in the United States due to defective ignition switches? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Now, Ms. Barra, is it correct that GM recently expanded its recall of small cars because it was possible that defective ignition switches may have been installed as replacement parts? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that the ignition switch in question was originally developed in the late 1990s and approved by General Motors in February of 2002? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that General Motors' own design specifications for such ignition switch required 20 plus or minus 5 newton centimeters of torque to move the switch from the accessory position to the run position? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that General Motors approved production of such ignition switch despite test results by Delphi during the production part approval process, or PPAP, showing that the switch did not meet GM's torque requirement? Yes or no?

Ms. Barra. It is not clear to me.

Mr. Dingell. Now, Ms. Barra, is it correct that General Motors approved a redesign of the ignition switch used in the presently recalled vehicles in April of 2006?

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, is it correct that GM's torque requirement for the redesigned switch remained the same as for the original ignition switch? Yes or no?

Ms. Barra. It is not clear to me. And that is why we are focusing the investigation on that area specifically.

Mr. Dingell. When that information becomes available, would you submit it to the committee, please?

Ms. Barra. Yes, I will.

Mr. Dingell. Ms. Barra, to your knowledge, did the redesigned ignition switch meet GM's torque requirements? Yes or no?

Ms. Barra. I --

Mr. Dingell. Want me to say it again?

To your knowledge, did the redesigned ignition switch meet GM's torque requirement? Yes or no?

Ms. Barra. It is part of the investigation.

Mr. Dingell. Ms. Barra, will you please submit for the record an explanation of the factors that GM takes into consideration when approving a part for production. Are there circumstances where GM may approve parts for production when such parts do not make such design specifications? Yes or no?

Ms. Barra. Yes.

Mr. Dingell. If so, could you please submit materials for the record explaining when and why that might occur.

Ms. Barra. Yes.

Mr. Dingell. Ms. Barra, I appreciate the lengths to which GM, under your leadership, is going to recall the vehicles and ensure that they are safe to drive.

GM's cooperation with the committee is necessary in order to understand the process by which -- and the reasons decisions were made leading up to the 2014 recall. You may have so far done so, and I expect that you will continue to do so.

Thank you for your courtesy, Mr. Chairman.

Thank you, Ms. Barra.

I yield back the balance of my time.

Mr. Murphy. The gentleman yields back.

I now recognize the Chairman Emeritus of the majority, Mr. Barton of Texas, for 5 minutes.

Mr. Barton. Thank you, Mr. Chairman.

Before I ask my questions, I want to make just a general observation. This is probably the last major investigation that this subcommittee and full committee is going to conduct where we have the services of Mr. Dingell and Mr. Waxman.

We have had a history on this committee and this subcommittee going back at least 40 to 50 years that, when we have major issues, we try to approach them on behalf of the American people in a non-partisan, very open way. And it certainly appears that we are going to continue that tradition today.

So I hope that we can show the best to the American people, that the Congress at its best gets the facts, presents the facts, and does so in a way that in the future we protect the public health and safety for the American people.

Now, with that caveat, I do have a few questions.

A number of Congressmen so far have made the point that these ignition switches didn't appear to meet specifications.

And my assumption is that you have agreed that they did not meet specifications. Is that correct?

Ms. Barra. We have learned that as we did the recall.

Mr. Barton. Now, I am an industrial engineer. I used to be a registered professional engineer. I am not currently registered, but I have been in the past.

Why in the world would a company with the stellar reputation of General Motors purchase a part that did not meet its own specifications?

Ms. Barra. I want to know that as much as you do. It is not the way we do business today. It is not the way we want to design and engineer vehicles for our customers.

Mr. Barton. I mean, I just don't understand that. I have never worked in an auto assembly environment. I have worked in a defense plant, an aircraft plant. I was plant manager of a printing plant.

I have done very limited consulting in the oil and gas industry, but I have never been a part of an organization that said, "We set the specs. When a part doesn't meet the specs, we go ahead and buy it anyway."

You know, you are currently the CEO, but at one time, I think, before you became CEO, you were the vice president for Global Product Development, purchasing and supply chain.

Is it your position now that General Motors will not accept parts that don't meet specifications?

Ms. Barra. We will not accept parts that don't meet our performance, safety, functionality, durability requirements. As I mentioned before in the steel example, there will be times where there will be a material or a part that doesn't meet the exact specification, but after analysis and looking at the performance, the safety, the durability, the reliability, the functionality, it will be okayed. That happens very often as we buy steel to make the bodies of the vehicles.

Mr. Barton. Well, then, you don't need specifications -- with all respect --

Ms. Barra. No. But --

Mr. Barton. -- what you just answered is gobbledygook. It is your own specification. It is your company's specification.

If a part doesn't meet the specification, why in the world would you not refuse it and only accept a part that meets the specification?

Ms. Barra. There needs to be a well-documented process if you accept a part that doesn't meet the original specifications.

Ms. DeGette. Would the gentleman yield?

Mr. Barton. Briefly, yes.

Ms. DeGette. Do you have that information?

Ms. Barra. On steel?

Ms. DeGette. No. On starters.

Ms. Barra. On the ignition switch --

Ms. DeGette. Yeah.

If it didn't meet specifications, do you have the information on these starters that it met all those other criteria?

Ms. Barra. That is part of the investigation. But, clearly, by the fact that we made a recall, it did not meet the performance specifications.

Mr. Barton. We have the advantage, as a subcommittee, that we know now what happened in the past. We know now that there is a real problem. We know now that a number of young people have lost their lives apparently because of this defect.

So we have the advantage of hindsight. So I understand that. But as Ms. DeGette just said and a number of others, there is no reason to have specifications if you don't enforce them.

This next question is not a trick question, but it is an important question. Right now, how many parts are being used in General Motors' products that don't meet your own company's specifications?

Ms. Barra. I don't have that exact number. But I can tell you the parts that we are using today meet the performance and the reliability, the safety, that they need to. If we find we have a part that is defective, that doesn't meet the requirements, we then do a recall.

Mr. Barton. Well, again, with due -- that is not an acceptable answer, I think, to the American people.

We are not telling you the specifications to set. Now, there are some safety specifications that -- by law and NHTSA, by regulation, sets, but there shouldn't be a part used in any GM product or, for that matter, any other automobile product that is sold in the United States that doesn't meet the specifications.

At what level was the decision made to override and to use this part even though it didn't meet specification? Was that made at the manufacturing level, at the executive level, or even at some subcomponent purchasing level? Do you know that right now?

Ms. Barra. That is part of our investigation to answer that question.

Mr. Barton. All right. Thank you.

Thank you, Mr. Chairman.

Mr. Murphy. Thank you.

I now recognize Mr. Braley for 5 minutes.

Mr. Braley. Thank you, Mr. Chairman.

Ms. Barra, we have had different perspectives during this hearing. You have been appropriately focusing your attention on the members of this committee and answering our questions.

I have been staring at these photographs on the back wall.

And I see young women the same age as my daughter. I see young men the same age as my two sons. My son Paul owns one of your Cobalts.

I see a young Marine in his dress blues, and I am reminded of the photograph I have in my office upstairs of my father at the age of 18 in his dress blues at Camp Pendleton.

And the focus of this hearing so far has been on GM's commitment to safety, which I think we all agree on is an important topic for this hearing.

You testified in your opening -- and I think I am quoting -- "Our customers and their safety are at the center of everything we do."

And you responded to a question from Ms. Blackburn and told us that you were going to run GM differently than it has been run in the past.

And I have a copy of GM's March 18 press release announcing Jeff Boyer as your new vice president of Global Vehicle Safety.

And in this press release he is quoted as saying, "Nothing is more important than the safety of our customers and the vehicles they drive. Today's GM is committed to this, and I am ready to take on this assignment."

20 years before this hearing an Iowa family harmed by another defective GM vehicle gave me this promotional screwdriver set that they got from their local GM dealer. And if you look at it, on the outside it has a slogan, "Safety comes first at GM."

So my question for you and I think the question that these families back here want to know is: What has changed at GM? Isn't it true that, throughout its corporate history, GM has represented to the driving public that safety has always been their number one priority?

Ms. Barra. I can't speak to the statements that were made in the past. All I can tell you is the way we are working now, the training that we have done, we have changed our core values, the decisionmaking we are leading, we are leading by example.

One of the process changes that we have also made is, in addition to when the technical community makes their decision about a safety recall or a recall, we are going to be reviewing it, Mark Royce, the head of Global Product Development, and myself, to see if there is more than we want to do.

Mr. Braley. Hasn't the core values of General Motors always been that safety comes first?

Ms. Barra. I have never seen that part before.

Mr. Braley. Isn't it true that, throughout the history of the company, it has made representations like this to the driving public as a way of inducing them to buy your vehicles?

Ms. Barra. Today's General Motors -- all I can tell you is today's General Motors, we are focused or safety. We have over 18 vehicles that have a five-star crash rating. Our entire Buick lineup meets that requirement. We take it very seriously.

Mr. Braley. But we are talking about these vehicles and what has changed.

Have you had a chance to read this article in the Saturday New York Times: A Florida Engineer's Eureka Moment With a Deadly G.M. Flaw?

Ms. Barra. I believe I read a portion of that article.

Mr. Braley. This is an article by a writer named Bill Vlasic. And he wrote in here about an engineer named Mark Hood who is "at a loss to explain why the engine in Brooke Melton's Cobalt had suddenly shut off, causing her fatal accident in 2010 in Georgia.

"Then he bought a replacement for $30 from a local G.M. dealership, and the mystery quickly unraveled. For the first time, someone outside G.M., even by the company's own account, had figured out a problem that it had known about for a decade, and is now linked to 12 deaths.

"Even though the new switch had the same identification number, Mr. Hood found big differences."

And then the article continues, "So began the discovery that would set in motion G.M.'s worldwide recall of 2.6 million Cobalts and other cars, and one of the gravest safety crises in the company's history."

Do you agree with the author that this is a grave safety crisis in the history of General Motors?

Ms. Barra. I have said that this incident took way too long, it is not acceptable, and that is why we are making a radical change to the entire process, adding more resources, naming a vice president of Global Vehicle Safety who is tremendously experienced and of the highest integrity, and we will continue to make process changes and people changes as we get the results of the Mr. Valukus investigation, and we will take all of those recommendations and we will make changes.

Mr. Braley. Before I yield back, Mr. Chairman, I would like to ask unanimous consent to have this article added to the record for the hearing, if it is not already a part of the record.

Mr. Murphy. Without objection.

[The information follows:]

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

Ms. Blackburn. If the gentleman would yield his remaining second, Ms. Barra said they had changed their core values. I think it would be great if she could submit to us what those new core values for GM are so we would have those for the record.

Mr. Murphy. We will ask that for the record.

Mr. Braley. I would also like to have any prior statement of core values for General Motors over the last 20 years so that we can see what has changed, Mr. Chairman.

Mr. Murphy. We will be asking members for several questions to submit to GM for the record.

Now recognize the vice chair of the subcommittee, Dr. Burgess, for 5 minutes.

Dr. Burgess. Thank the chairman.

And thank the witness for spending so much time with us this afternoon.

You mentioned, Ms. Barra, at the start of your written testimony that, over a decade ago, General Motors embarked upon a small car program.

Do you recall why that was?

Ms. Barra. I am sorry?

Dr. Burgess. Why did GM embark upon a small car program 10 years ago, over a decade ago?

Ms. Barra. To have a complete portfolio, I believe.

Dr. Burgess. But the mission -- or the type of car that was manufactured by GM previously had not fit that model; so, this was an entirely new business line that GM was undertaking?

Ms. Barra. The Cobalt -- and there are several products. But if you are speaking specifically about the Cobalt, it was following a previous small car, but it was an all-new program architecture, et cetera.

Dr. Burgess. Was any part of this done because of the CAFE standards that were changing? Was any of this done because of congressional action that had occurred previously?

Ms. Barra. I cannot answer that question. I wasn't in on decisionmaking at that point.

Dr. Burgess. Let me ask you this. When Mr. Waxman was giving his opening statement, he said it was a shame that the National Highway Traffic Safety Administration did not have access to the same information that General Motors had.

Do you think that was a fair statement for him to have made?

Ms. Barra. As part of the investigation we are doing, I am looking at what information was provided and when.

Dr. Burgess. And that becomes, then, the troubling part of all of this.

I think Ranking Member DeGette had you look at tab 8 in the information binder, and this was talking about the ignition key cylinder assembly. And the date of the PDF that I have is January 1 of 2005. Again, you will find that under tab 8.

But later on in the same document it says, "We are closing this with no action. The main reasons are all possible solutions were presented. The lead time for solutions is too long. The tooling costs and piece price are too high, and none of the solution seems to fully countermeasure the possibility of the key being turned off."

So that was all in January of 2005. And then, you know, as part of our document evaluation for getting ready for this hearing, there were several accident reports that were supplied to us. And one of those occurred not too far away in Maryland in the middle of the summer of 2005.

And in that accident sequence, a Cobalt hit a series of trees at the end of a cul-de-sac. The driver was fatally injured during that. She wasn't wearing a seatbelt. She wasn't a terribly large individual. She weighed about 100 pounds.

Because the air bag did not deploy, though -- or it would be my -- well, you just have to wonder. Had the air bag deployed, would her small frame have been protected?

I mean, she broke the rim off the steering wheel because of the impact of the collision, her body with the steering wheel and steering column.

Of course, the steering wheel, being somewhat indented toward the driver -- the lower part of the driver's body, hit her under the ribcage, apparently resulting in a liver laceration, which resulted in the exsanguination and the time sequence to get her out of the crash and get her to the hospital.

You can't help but wonder -- because the other injuries that were reported with that crash are really fairly mild. You have got to believe the air bag would have made a difference there.

I just can't help but think that the people evaluating this must have asked themselves why no air bag went off with this type of crash. She was going 70 miles an hour and hit an oak tree.

Wouldn't that be a logical place for an air bag to deploy?

Ms. Barra. First of all, it is a very tragic situation. Some of the fatalities in these vehicles, again, we see as a tragedy, and we have apologized.

As I read the document that you asked me, I find that unacceptable, that any engineer would stop at that point if there was an issue that they felt was a safety defect.

That is why we are doing the investigation, again, to put a complete timeline together. And I commit to you, we will take action. We have made process changes. We will fix the process. Our goal is to have a world-class safety process.

Dr. Burgess. And I respect you for being here and answering that way.

One of the other accidents that is recorded in our binder under tab 20 was a head-on collision that occurred, I believe, in Pennsylvania where the Cobalt was not at fault.

Another car went over the center line, and there was a head-on impact. Again the Cobalt air bags did not deploy. The driver of the other vehicle -- the air bag did deploy.

I mean, it seems to me this should be a red flag to the people who investigate air bag non-deployments as an occurrence or as an issue.

In fairness, let me just state that all of the front-seat occupants of both vehicles were deceased as a result of that accident; so, the deployment of the air bag in that situation did not protect, preserve the life of the driver.

But, still, you would have to ask the question. You have a Cobalt and a Hyundai meeting head on. Why did the Cobalt's air bags not deploy?

It was the exact same force for both vehicles. There was no intercedent jarring of the vehicle. They didn't run off the curb. They didn't run over another tree first. So the air bag did not deploy.

Why would that have been the case in that particular accident?

Ms. Barra. Again, it is a tragic situation anytime there is a loss of life in a traffic situation. Again, this is not an investigation that was done by GM. I can't answer your questions because it is usually very complex as they look at that. So I can't comment on this particular study.

Dr. Burgess. If that is part of your internal investigation, though, I would like for you to make that information available to the committee staff and to the committee.

Ms. Barra. We will make whatever information we have available.

Dr. Burgess. Thank you. And thanks for being here.

Mr. Murphy. The gentleman's time is expired.

I will now recognize Ms. Schakowsky for 5 minutes.

Ms. Schakowsky. Thank you, Mr. Chairman.

Mr. Braley talked about the pictures in the back, and I think that what must make it even more painful is that these deaths were needless.

So I want to ask you about something a little bit more than an apology. One of the many questions raised about GM is how -- GM today -- is how you will handle accidents that happened prior to the company's bankruptcy.

GM filed for bankruptcy in 2009, emerging as new GM about 6 weeks later. So that means that new GM, the company as it exists today, I have been told, may not be liable for accidents that occurred prior to July 2009.

Is that your understanding, Ms. Barra?

Ms. Barra. We at General Motors want to do the right thing for our customers, and that is why we feel this is an extraordinary situation, as I have said.

It took too long to get to the answers and the understandings about this part. That is why we have hired Mr. Feinberg.

We feel Mr. Feinberg has had extensive experience and he will bring his experience and objectivity to assess what are the appropriate next steps, because we do understand that we have civic responsibilities as well as legal responsibilities.

Ms. Schakowsky. Are you saying that the hiring of Mr. Feinberg indicates that GM will give some kind of settlement with those individuals whose -- the families whose loved ones lost their lives?

Ms. Barra. We have just begun to work with Mr. Feinberg. In fact, our first meeting will be on Friday. It will take probably 30 to 60 days to evaluate the situation. So we have not made any decisions. We have just started this process with Mr. Feinberg.

Ms. Schakowsky. And that might include people who have been injured as well?

Ms. Barra. Again, we have not made any decisions.

Ms. Schakowsky. Let me ask you this: During GM's restructuring, did the company disclose what it knew about this ignition switch defect? By 2009, there is no doubt that officials in GM were aware of this problem.

Ms. Barra. I was not aware of this issue. I can't speak to what was disclosed. So, again, our investigation will cover if there was any information. But, to my knowledge, it was not known at the senior leadership of the company.

Ms. Schakowsky. So does GM accept responsibility for the accidents caused by the company's defective vehicles?

Ms. Barra. First of all, I again want to reiterate we think the situation is tragic and we apologize for what has happened and we are doing a full investigation to understand --

Ms. Schakowsky. I am talking about responsibility and even liability.

Ms. Barra. Responsibility -- I am sorry. I don't understand your question.

Ms. Schakowsky. And even liability.

Do you take responsibility? Is the company responsible? The new GM, is it responsible?

Ms. Barra. We will make the best decisions for our customers, recognizing that we have legal obligations and responsibilities as well as moral obligations. We are committed to our customers, and we are going to work very hard to do the right thing for our customers.

Ms. Schakowsky. I hope that you do do the right thing.

Let me ask you about some of the people who potentially knew about this.

So you have appointed for the first time a president of Global Vehicle Safety. I have to tell you I am underwhelmed by that, thinking that it is such an obvious thing to have someone high up that would, in fact, be able to connect the departments so everybody knew. I guess it is a good thing, however, that it is finally done.

So we know that Ray DeGiorgio was the GM engineer who approved the ignition switch redesign in 2006. Is he still an employee of your company?

Ms. Barra. I believe he is.

Ms. Schakowsky. Do you know who signed off on the initial faulty ignition switch that did not meet your specifications?

Ms. Barra. I don't. But that is what I will learn with the investigation. And after we have a complete investigation from a very complex process, we will take action.

We will change process, and we will deal with any people issues. I think we demonstrated in the issues we learned in India with the Tavera about a year ago, we will take serious steps and hold people accountable.

Ms. Schakowsky. So no one right now has lost their job as a result of this knowledge about this defective part?

Ms. Barra. We are just a few weeks into the investigation by Mr. Valukus. We have already made process changes.

And as I return to the office after this, we will begin to look at the implications, now that we have more data coming from the investigation, and take the appropriate steps.

Ms. Schakowsky. Thank you.

I yield back.

Mr. Murphy. Gentlelady yields back.

Now recognize the gentleman from Georgia, Dr. Gingrey, for 5 minutes.

Dr. Gingrey. Mr. Chairman, thank you very much.

This hearing is much appreciated, pretty poignant to me, since Brooke Melton lived in my congressional district at the time.

And had it not been for an outstanding plaintiff's attorney in the Cobb Judicial District of Georgia in bringing this case -- I am sure it was against a local dealership -- resulted in a settlement, but it brought to light what is going on now and the purpose. And, hopefully, some good can come from this hearing.

And I want to thank Chairman Murphy for holding it and investigating the root cause of the General Motors recall of over 2.6 million vehicles linked to these ignition defects. Unfortunately, Ms. Barra, I heard just yesterday that the recall now includes 6.3 million vehicles.

And I do want to speak a little about this young lady named Brooke Melton, a nurse in Paulding County, Georgia, which, at the time, was in the district I represent.

And she was, as you know, tragically killed March the 10th, 2010, on her 29th birthday in a horrific side-impact accident on Highway 92, and the ignition switch in the accessory position.

Just the day before, just the day before, her death, she took her 2005 Chevy Cobalt into the dealership for service, and the service report stated, "Customer states engine shut off while driving. Please check."

Despite the fact that a service bulletin was issued from General Motors for faulty ignition switches back in 2005 for that make and that model, the on-site mechanic cleaned the fuel line, cleaned the fuel injection, told her to come pick up her car, which she did.

Brooke Melton's tragic death is not acknowledged as part of this recall because it involved a side impact instead of a front impact. Ms. Melton's parents, Ken and Beth -- they are not here today, I don't think, but they deserve answers.

Ms. Barra, is Brooke Melton included in General Motors' death count? Yes or no?

Ms. Barra. To my knowledge, no.

Dr. Gingrey. No?

Ms. Barra. Because it was a side impact and we --

Dr. Gingrey. Right.

Why did General Motors not include the non-deployment of air bags from side-impact accidents resulting in loss of life or injury in this recall?

Ms. Barra. As you look at a frontal collision and the way the air bag is to operate, I believe the assessment -- the assessment was made that would potentially be related to the switch.

Dr. Gingrey. Yeah. But, Ms. Barra, if you connect the dots -- I mean, the ignition gets knocked over to the accessory position. There was a problem using faulty, even by your own standards, equipment.

And so maybe what happened was that all of a sudden the car stalls. She is driving perfectly, trying to control without any power steering, without any power brakes, and may very well have -- and I don't know the details of that accident -- but may very well have run through a four-way or a red light and was slammed into from the side.

Whether it was a head-on collision or a side collision, it was for the same reason, and she is dead. And that was almost four years ago.

I don't understand why General Motors does not include the non-deployment of air bags from side-impact accidents resulting in loss of life or injury in this recall. Can you explain that to us.

Ms. Barra. Well, first of all, all of the accidents and fatalities are very tragic, as you have indicated, and we are deeply sorry for those.

We have been very clear of the number that we put forward. There has been a lot of analysis that has gone on to look at potential incidents and --

Dr. Gingrey. Well, did General Motors investigate or do you plan to investigate whether this condition relates to the non-deployment of air bags in side-impact crashes?

Ms. Barra. We have individuals that are looking at the available information from accidents --

Mr. Dingell. You told us about your recent hire, and I hope -- well, lastly, Ms. Barra, to what extent did GM regularly inform dealerships, like the dealership, obviously, in Cobb County, of its 2005 technical service bulletin on faulty ignition switches so that these service technicians, the young guys, you know, maybe working there 6 months to a year, that they could properly address a customer complaint like Brooke had the day before her death?

Ms. Barra. I am sorry. Was your question how do we communicate service bulletins?

Dr. Gingrey. How do you make sure that these dealerships all across the country and their service departments are making sure that their technicians are getting and receiving the instruction?

Ms. Barra. We can provide details on exactly how we communicate service bulletins and how that is rolled out to each of our dealerships across the country.

Dr. Gingrey. I hope you will. Thank you, Ms. Barra.

And, Mr. Chairman, I yield back.

Mr. Murphy. Ms. Barra, related to his questions, with all these calls in recall and waiting for parts, what are drivers supposed to do in the meantime while their cars sit in the driveway?

Ms. Barra. We have communicated and we have done extensive testing that, if you have just the ignition key with the ring or just the ignition key, the vehicle is safe to drive.

If people are not comfortable with that, we are making loaners or rentals available. They can go to their dealer. We have over 13,000 customers that have these vehicles in rentals or loaners right now.

Mr. Murphy. And you are assuring people that it is safe to drive if they just take the other things off the key?

Ms. Barra. There has been extensive testing done by the engineering team. And with just the key and the ring or just the key, we believe it is safe based on our testing.

Mr. Murphy. Recognize Mr. --

Ms. DeGette. Excuse me, Mr. Chairman.

Is that true of the earlier ignitions as well as the 2006, all of them? All these cars, that's true?

Ms. Barra. Yes.

Ms. DeGette. Thank you.

Mr. Murphy. Mr. Tonko, you are recognized for 5 minutes.

Mr. Tonko. Thank you, Mr. Chair.

Ms. Barra, thank you for appearing before the committee.

And I have to believe, for the family members and friends of the victims of this tragic outcome, it must be a very painful process to sit here and listen to the exchange.

Just a comment at first. We are hearing a lot about information that will come post the investigation or the review.

However, I hold in my hands a February report and a March report to NHTSA on behalf of GM under your watch that provides detailed timelines with a whole bit of knowledge exchanged.

And I am confused somewhat about that fair amount of knowledge that has been formally exchanged to NHTSA and, at the same time, we are hearing, "Well, we don't know until the investigation is complete."

So there is a conflict that I think is brought to bear here in terms of an exchange that has been detailed in the last few weeks under the watch of the new General Motors, today's GM.

And at the same time, when I was listening to our representative from Illinois ask about the corporate chart and the changes, no changes have been made. We are waiting for that pending the investigation. But at the same time, we have characterized -- or relabeled it as today's General Motors.

So while we are all products of the environment that produces us, the cultural impact of GM seems to still be in play with a number of people who have perhaps shifted positions, but are all part of that organization.

So comfort me by telling me that there is a new thinking, there is a new culture, that has beset GM while all the players are still there in the corporate chart. Tell me how the company has restructured and reorganized so as to bring comfort to the consumer.

Ms. Barra. First, there are many new people in the company as well as people who have experience across the company. There is a new structure. For instance, in Global Product Development, we have streamlined, eliminated bureaucracy.

We took out an entire layer of management in the product development. We have completely redone the quality processes over the last -- it started in the 2011-2012 time frame.

We have changed our test procedure. We have added additional validation. So there has been a complete remake of the way we drive quality. We test to failure instead of testing to a standard. That is just one example.

And we have looked across the entire organization. We have rebuilt our supplier quality organization, adding over 100 resources just in this country alone.

So systematically we have gone across the company and we are making changes, even in the chronologies which I think you held up.

Those are the most detailed chronologies that we have ever provided, sharing, again, in a summary fashion, the information we have now, but then we are conducting an investigation with Mr. Valukus.

We have also rolled out new values with the customer as our compass, relationships matter and individual excellence. We have trained thousands of people.

But, most importantly, it is leadership at the top. It is the leadership of how we behave, of how we demonstrate when we make decisions, and that we make decisions that focus on the customer, focus on safety, focus on quality. And I can tell you, from my leadership team and the next layer, we continue to drive that every day.

We recognize culture change doesn't happen in a year or two, but we are well on that journey, and we are dedicated to it and we very clearly want to have the safest vehicles on the road.

Mr. Tonko. And will you make that list public from the report that you are anticipating?

Ms. Barra. I am sorry?

Mr. Tonko. Will you make the list that will be coming forth public? Will you share it?

Ms. Barra. That's the list of? I am sorry.

Mr. Tonko. The full report coming from Mr. Valukus.

Ms. Barra. Mr. Valukus will give us findings and we will make the appropriate findings available to this body, to our customers, and to our employees.

Mr. Tonko. The appropriate findings.

What about the full report?

Ms. Barra. I don't know if he will give a report or if he will share findings.

Mr. Tonko. If he does, will you share the full report?

Ms. Barra. We will share the appropriate information.

Mr. Tonko. Not the full report?

Ms. Barra. Again, I don't know if there will be a full report. But we will share --

Mr. Tonko. If there will be a full report, will you share it?

Ms. Barra. I commit that we will be very transparent and we will share what's appropriate.

Mr. Tonko. So, in other words, there is no commitment to share the full report?

Ms. Barra. I am saying I will share what is appropriate.

Mr. Tonko. I hear the answer.

Mr. Chair, I yield back.

Mr. Murphy. Gentleman yields back.

Recognize the gentleman from Louisiana, Mr. Scalise, for 5 minutes.

Mr. Scalise. Thank you, Mr. Chairman. I appreciate you having this hearing.

Ms. Barra, I thank you for being here.

Let me say first my prayers are with all the families of those who lost their lives and others who have been impacted by this. I want to thank you all for being here in this room as well.

Obviously, the questions we have are even more pertinent to the families that are here, and that is why it is important that we ask the questions and get answers.

And if we are going to make sure that we can prevent something like this from happening again, we have got to get into the real details of what went on during those period of years, unfortunately, years, where it seemed somewhere inside of General Motors there was knowledge that this was a problem before it got to the level of recall.

I want to first take you, Ms. Barra, to the tab you have got there, Number 38. Tab 38 is the signoff. This is what is called a General Motors commodity validation signoff. This is the actual sheet that the engineer signed off on that approved the design change in the faulty ignition switch.

Have you seen that document before?

Ms. Barra. This is the first time I have seen this document that is labeled "Delphi."

Mr. Scalise. Now, what we are talking about here -- I mean, how long have you been aware of the problem with these faulty ignition switches?

Ms. Barra. I was aware that there was a faulty ignition switch on January 31.

Mr. Scalise. Of this year?

Ms. Barra. Of this year.

Mr. Scalise. Okay. So as you are going through -- I'm sure some of the questions you have and are asking and maybe some of the ones we are having -- the first question you would want to ask is: What did we know about it? When did we know? Did we know well in advance? And why didn't we prevent it from happening?

The first thing we all are talking about is when was this found out within GM to the point where they actually made a change. I mean, you all made a design change.

The letter I have got here, this form, is dated April 25 of 2006. So 2006 is when your engineers -- and there is a name on this sheet. There is an actual engineer who you just said under oath earlier is still employed with GM.

There is an engineer that actually signed this document requesting -- not requesting -- approving a change in this ignition switch, in fact, with the part number. The part number is on here.

To your knowledge, has anyone in GM taken this -- he is an employee of yours. You can just pull him aside right now and ask him, "When you signed off on this in 2006, number one, why didn't you change the part number? And, number two, why did you approve a change in the ignition switch and not bring it to the level of recall?"

In 2006 -- clearly people lost their lives after this was signed off on. So do you know right now -- and you are under oath -- do you know of anyone that has asked the person that signed this -- that signed off on this -- have any of you all asked him those basic questions?

Ms. Barra. I know this is part of the Anton Valukus investigation. And I want to know the answers to the questions you are asking as well as you.

Mr. Scalise. Do you know of anyone that's asked him that question? I mean, he's an employee of yours right now. You can pull him aside right when you leave here today and ask him these questions.

Ms. Barra. I think it is very important as we do an independent investigation that we let Mr. Valukus go do a thorough investigation, talk to people, that there is not a lot of side investigations going on. He is the one standard that we are going to use in this investigation. He brings the objectivity to it.

Mr. Scalise. Clearly, you know, there -- I mean, you talk about a new culture.

Has anyone been held accountable as of now for what's happened?

Ms. Barra. Again, we learned of this on January 31.

Mr. Scalise. Well, again, you have a design change in 2006 related to what we are talking about. This is not a 2014 issue.

The recall was issued in 2014, but the product, the faulty ignition switch we are talking about, was redesigned in 2006 by one of your engineers who's still an employee of General Motors.

If you can't get me that information -- and if you do find that information out, by the way, would you get that to the committee?

Ms. Barra. It will be part of the investigation and we will share that.

Mr. Scalise. The other question I want to ask you -- because later on we are going to have the acting administrator of the National Highway Traffic Safety Administration.

Some of the things he says in his testimony -- before you leave, I would like to get at least some responses. He says, number one, "We are pursuing an investigation of whether GM met its timeliness responsibilities to report and address this defect under Federal law."

Are you aware of whether or not GM has met its obligations of timeliness?

Ms. Barra. That will be part of the investigation that we are doing.

Mr. Scalise. But you are not aware at this time, though. I mean, if you are aware of something, that would be a violation of Federal law.

If you are aware of that already, can you share that with us?

Ms. Barra. I am aware of the findings that I have already shared from Mr. Valukus today.

Mr. Scalise. And another question he asks -- in the brief time I have left, he says, "GM had critical information that would have helped identify this defect."

That's the gentleman that's testifying right after you. You don't have the opportunity to come behind him and respond. He is going to be saying this. He is writing this in his testimony.

What would you say in response to his statement that GM had critical information that would have helped identify this defect?

Ms. Barra. As I have already said, we have already learned through Mr. Valukus's investigation that there were points in time where one part of the organization had information that wasn't shared across to the other side of the organization. You can call it a silo.

At some point, they didn't understand that the information would be valuable to another party. So I have already shared that we have found that to be true and we have already made changes to the structure and to the responsibilities of people. So that won't happen again.

Mr. Scalise. We appreciate getting the full range of answers to all these questions.

And, with that, I yield back the balance of my time. Thank you, Mr. Chairman.

Mr. Murphy. Time is expired.

I now recognize Mr. Green for 5 minutes, of Texas.

Mr. Green. Thank you, Mr. Chairman.

Ms. Barra, first of all, congratulations on being the CEO of General Motors. Like a lot of my constituents, I have been a customer of GM. In fact, I can't list the number of vehicles I think I have owned. Although my wife drives a Tahoe, I lease a Malibu. I have a Blazer. And, you know, we keep them for a long time. So I appreciate GM products.

And you have heard the questioning today, and it seems like on a bipartisan basis we are trying to find out what is happening, although -- Mr. Chairman, I know you heard it -- I was surprised because Dr. Gingrey is a good friend of mine and a physician and, to say he thanked a plaintiff's lawyer for something, you have at least gotten Republicans and Democrats on the same side on something. Phil's not here now, but there is a reason we have a civil bar.

You have gone down the litany with the other questions of the problems that were happening. In 2002, the switch was acknowledged it was below specs. In 2005, the dealers were notified of a problem, but it was because of heavier key rings.

And I thought about my wife's key ring that she uses. It has everything in the world on that key ring. So I couldn't imagine that would be an issue.

But, I guess, getting down to the concern I have -- and in 2007 you modified the switch ignition for future models, but -- though the switch ignition still fell below the initial torque standards by GM.

Let me give you an example of what this has caused. I have a constituent who I talked to yesterday before I left Houston whose mother, Lois, owns a 2003 Regal, which is 10 years old. And she has owned GM products, like I guess I have, for many years.

But the Regal began stalling and turning off in February of 2013 and even the car had less than 50,000 miles. Since she's owned the car, it's gone to the GM dealer six times.

The battery has been replaced, and each time the dealer did not fix the problem. She ended up finding -- and I quote Mrs. Knutson who told it to me -- she finally found a shade tree mechanic who actually fixed it.

And I guess what bothers me, if you go back to the dealer this many times -- and I hold the dealers -- you know, repair shops to a higher level simply because they know the product -- that what has happened -- can you confidently say that these stalling issues are limited only to the Cobalt, the HHR, the Pontiac G5, the Solstice and Saturn Ion, and the Sky models of vehicles or is it other ones like the Regal or maybe like the Malibu I drive?

Ms. Barra. Again, I am not aware of any other stalling issues. If we have an issue, we put it into our recall process and make decisions. So if there is a defect that you are aware of, I would appreciate the information, and I will definitely look into it.

Mr. Green. Well, we will get you that information.

I have a couple minutes left. But I represent a very industrial area. We have refineries and chemical plants. What we do is inherently dangerous. And so you have to take extra concern about it.

It looks like in the last 10 years GM has not -- somewhere along that line, the culture of the company is not there to deal with that. And, as the new CEO, I would hope you would make sure it happens.

And I have said this many times. When I have a chemical plant or a refinery that has an accident and somebody dies and -- we have been able to pinpoint sometimes with civil justice, but sometimes through Chemical Safety Board, on what decision was made that they didn't do that caused people to die.

That is what happened here. And General Motors is a much greater company than to do that, and I would hope the culture of your corporation would be better so it would continue to earn the respect that both this lady and I have.

But that is your job now as CEO, but you need to fix it and fix it as quick as you can because it is going to cause problems, obviously.

Ms. Barra. I agree with you. It is completely my responsibility, and I will work day and night. We have already made tremendous change at General Motors. We will continue to do that, and I recognize it is my responsibility.

Mr. Green. The last thing in my 30 seconds is: Should my constituent -- should she have her mother in Phoenix take that Regal back and have it checked by a dealer now and see what happened?

Ms. Barra. Yes. And I wish you would send a note to me, and I will --

Mr. Green. I will get you that information.

Ms. Barra. Thank you.

Mr. Green. Thank you, Mr. Chairman.

Mr. Murphy. I now recognize Mr. Griffith for 5 minutes.

Mr. Griffith. Thank you, Mr. Chairman.

Ms. Barra, you have indicated that not having a new part number when the part was changed in 2006 is not acceptable. Is that correct?

Ms. Barra. That is correct. Yes.

Mr. Griffith. And I guess it is hard to figure that somebody would have just done that by accident and that there had to be a reason.

Because that was a breach of protocol, wasn't it?

Ms. Barra. I don't think there is an acceptable reason to do that.

Mr. Griffith. And while there may not be an acceptable reason, you would have to acknowledge that a reason in somebody's mind, while not acceptable, might be that it is actually harder to track the problem with the old part when you have an improved new part that is put in its place. Isn't that correct? Yes or no?

Ms. Barra. Yes.

Mr. Griffith. And while you have indicated that you did not know the individual name of the person who made that decision, do you know whose job title it was or in whose chain of command it was to make the decision not to create a new part number for that part?

Ms. Barra. I don't. It would be within the engineering organization, but I will learn that from the investigation and we will take appropriate action.

Mr. Griffith. And would that engineering department have been under your chain of command at some point in your tenure with GM?

Ms. Barra. Since February of 2011.

Mr. Griffith. But it never got to you? Nobody ever brought this to your attention?

Ms. Barra. No, it did not.

Mr. Griffith. I appreciate that.

I do have this question, and I think that the answer probably is that your investigation will reveal this.

But it is somewhat concerning that, while the trial lawyer that uncovered this may be very savvy and his expert might be pretty sharp, you all have sharp people working at GM as well; do you not?

Ms. Barra. I believe we do.

Mr. Griffith. It is one of those questions that I am sure your investigation will uncover. But why didn't your team of engineers connect the dots and figure out that, when the ignition slips into that auxiliary position, the air bags won't function properly?

Ms. Barra. Congressman, those are the questions I want to answer and, as I have said, it has taken way too long. And we will learn from this and we will make changes and we will hold people accountable.

Mr. Griffith. And not only holding people accountable, but you were asked earlier -- and I know you are in a tough spot on that -- as to what kind of liability GM will end up accepting because there is legal liability and moral liability. And you have said that.

One of the questions that I would have -- it would have been a whole lot easier just to have actually listed these liabilities in the bankruptcy; would it not? It would have been easier to do it in the bankruptcy instead of having to come out now, wouldn't it?

Ms. Barra. The best thing in the world would be, as soon as we find a problem, we fix it and it doesn't exist in the marketplace and doesn't affect our customers and doesn't create tragedies.

RPTS JANSEN

DCMN HUMKE

[3:47 p.m.]

Mr. Griffith. And here is one of the things that concerns me. Have you been given any estimates yet by Mr. Feinberg or others as to what a best-case or worst-case scenario is on your civil liabilities?

Ms. Barra. We have just been in initial conversations with Mr. Feinberg. I believe we will work through him to evaluate the situation over the next 30 to 60 days.

Mr. Griffith. Has anybody else given you a best-case or worst-case scenario over liability issues related to this problem?

Ms. Barra. There has been a lot of estimates done in the public, but none given specifically to me.

Mr. Griffith. Okay. Would those liability issues have negatively impacted the prospects of either a bailout by the Federal government, or prior to the bailout, the people who were lending you money to keep GM afloat with its heavy liabilities already existing, would not the additional liabilities that would have come forward by this problem have had the potential to dissuade private investors or the Federal government from giving cash to GM?

Ms. Barra. As I look at it, as soon as we identify an issue and fix it, then there aren't liabilities or the liabilities are contained. As we look at problems as we go forward, we want to fix them as soon as we can. If there is a safety issue, we are going to make the change, make the right investment, and accept that.

Mr. Griffith. But in the real world of business, if there is a new set of liabilities that come onto the page that weren't there before, it is harder to get money from both public and private sources; isn't that true?

Ms. Barra. I think it depends on the situation. So it is a general question. I don't feel appropriate commenting.

Mr. Griffith. I appreciate that.

Let me ask this last question. When this issue first came up, the corresponding Problem Resolution Tracking System report document identified the issue of severity 3. What does that mean?

Ms. Barra. I am sorry, I didn't hear you.

Mr. Griffith. Severity 3. I am referencing back to some of the documents that you have given and your folks have given us. And it is initial assessment in 2004, 2005 when your Problem Resolution Tracking System report came out, it related this problem as being severity 3. What does that mean?

Ms. Barra. I don't have a specific definition for that. I --

Mr. Griffith. Can you get one for us?

Ms. Barra. I can.

Mr. Griffith. I appreciate that.

And I yield back.

Mr. Murphy. Can I ask a clarifying question to what Mr. Griffith was saying.

Did GM purposely, willfully negotiate, during the bankruptcy issues or in the process of obtaining the loans, did they purposely withhold any information that they may have known about pending lawsuits or things that would be emerging in the future about the Cobalt or other cars?

Ms. Barra. I am not aware. I personally did not withhold any information. I am not aware, but I can't speak to every single person.

Mr. Murphy. Thank you.

Mr. Welsh, you are recognized for 5 minutes.

Mr. Welsh. Thank you.

I have to congratulate General Motors for doing the impossible: You have got Republicans and Democrats working together. And I thank my colleagues for their focus on this hearing.

Couple of things. How many cars have been recalled as of this date?

Ms. Barra. Related to the ignition switch?

Mr. Welsh. Right.

Ms. Barra. Over 2.5 million.

Mr. Welsh. Now, this ignition switch issue, was first -- it came to light in 2006; is that correct?

Ms. Barra. Through our investigation, we will know when it came to light. It came to light to me on January 31st, 2014.

Mr. Welch. That is totally irrelevant to the people who lost their lives.

Ms. Barra. I understand.

Mr. Welch. I mean, you are the current CEO, but that is not relevant to the question I asked.

Ms. Barra. You asked when I became aware of it.

Mr. Welch. No. GM.

Ms. Barra. Again, that is what we will learn in our investigation.

Mr. Welsh. Well, you changed the switch after 2006. You began in 2007 changing the switch; right?

Ms. Barra. Yes, there were changes made.

Mr. Welsh. So would it be a logical inference that somebody thought there was a reason to change the switch that had been in use in 2006 to 2007?

Ms. Barra. As we do our internal investigation, I hope get those answers.

Mr. Welch. Wouldn't that be a starting point? Somebody for some reason decided to change the very critical part in the car, between 2006, 2007; correct?

Ms. Barra. Correct.

Mr. Welsh. So let me ask you this: If you had recalled cars and acted on this aggressively in 2006, when you were making the decision that you had to change this -- you, GM, not you.

Ms. Barra. I am sorry.

Mr. Welsh. GM the changed the switch, how many cars would you have had to recall had you acted in 2007 when you made the decision to change the switch?

Ms. Barra. I can get you the exact number. But it would have been significantly less. I don't know.

Mr. Welsh. Give me an estimate. You can talk to your back row there if you want.

Ms. Barra. Again, I will confirm with an answer, but I would assume it is something around more 1.2 million.

Mr. Welsh. Just from 2000 -- so you would have cut it down at least in half, and maybe more --

Ms. Barra. Because, again, we are starting with vehicles that the Saturn ION was in production in 2003.

Mr. Welsh. Let me just get a business-type question here. What do you estimate would have been the cost to GM of this recall had they done it in 2007?

Ms. Barra. When we looked at the population from 2003 to 2007, actually, if I look at all of the vehicles that had this, it would have been a higher number, I believe it was 1.8. And that would have probably -- the estimated costs for those two pieces is something less than a hundred million.

Mr. Welch. Okay. And what do you estimate will be the cost of the recall now that it is being done 8 years later?

Ms. Barra. Well, there is a larger population. We can provide the information.

Mr. Welsh. I want an estimate. I want people to be able to hear this. A decision delayed is money and lives at risk. So I am trying to get an opinion from you, and it is ballpark so it can be adjusted, as to what the costs would have been had you acted 8 years ago versus acting now. You, GM.

Ms. Barra. Well, if we would have acted at that point we would have had a smaller population, as we talked about.

Mr. Welsh. I know that. That is obvious.

Ms. Barra. I am sorry, I am not trying to be difficult. I don't understand your question.

Mr. Welch. You know what? If I were on the board of directors and I had an obligation to shareholders, and I had a company that could have acted 8 years ago, to deal with a problem but by not acting let that problem increase in magnitude, do more damage to shareholders, do more damage to the bottom line, do enormous damage to the reputation of this company, and cause we don't know how much harm to citizens, I would want an answer to the question.

Ms. Barra. I agree. It would have been substantially less at that time frame had we done it than what it will be now.

Mr. Welsh. GM was involved in litigation concerning allegations that this switch was defective and caused problems; correct?

Ms. Barra. Yes.

Mr. Welsh. And GM settled some of these litigation matters; correct?

Ms. Barra. Correct.

Mr. Welch. After very aggressive defense. Those settlements were secret?

Ms. Barra. They are confidential by both parties.

Mr. Welsh. By both parties -- I am -- you know, some of us have been in court. By "both parties" usually means by the request of the party that is paying the damages.

Ms. Barra. I wasn't involved in those settlements. All I know is confidential was by both parties.

Mr. Welsh. Okay. This is not good. You are the company right now. All right?

Ms. Barra. I am.

Mr. Welsh. Let me ask this question. Do you believe that when a company that has been sued about a matter involving product safety, where a person has been seriously injured or has died, that the company that settles as a matter of policy, should be entitled to keep secret what that settlement was about?

Ms. Barra. I am not -- I think that there are issues associated with that that every settlement is unique and it is a decision that is agreed to by both parties. And I don't have any comment beyond that. Each one is unique.

Mr. Welsh. Let me ask you this: If a company, GM or any company, settles litigation and pays a substantial amount of money pertaining to an allegation about serious bodily injury or death, should that company be permitted to keep secret that settlement from the governmental agency whose responsibility it is to protect the public safety?

Ms. Barra. If that is information required by that government agency, then we would provide it if the two parties involved in the settlement agree to it, that is their agreement.

Mr. Welsh. So if you don't have to do it, you won't do it?

Ms. Barra. If both parties want that. I am making the assumption that both parties agreed to it, which what is I have been told.

Mr. Welsh. I yield back.

Thank you.

Mr. Murphy. Gentleman's time has expired.

Now recognize the gentleman from Mississippi for 5 minutes, Mr. Long.

Mr. Long. Thank you, Mr. Chairman.

And thank you for being here, Ms. Barra.

And I want to thank the families that you here today for keeping safety in the forefront of America's and Congress's consciousness when it comes to automobile safety. And we have heard about the same subcommittee in the past, dealing with the issue before I came to Congress, the Ford Explorer/ Firestone tire situation. We have heard about the Toyota accelerating car issue.

And, like I say, I wasn't here, but I can imagine that the questions were similar: Who knew what when? Who was responsible? Did you know this person? Have you done anything about it?

I want to take a little different tack with my line of questioning, as I normally do. And that is that, people ask me all the time, Do you think you make a difference? When you go to Congress, you are up here a few years, do you think you are making a difference? And that is hard to quantify, to explain to somebody whether you are making a difference or not. But today this is a day I want to look back on and say, you know, I think I made a difference. I think that we got some answers to questions in the future to prevent -- I don't want to be here again and I don't want to have them say Ford Explorer/Firestone tire, Toyota accelerating, and you remember the GM faulty ignition switch. So that is what I would like to say, yeah, we made a difference.

And with that, like I say, I thank the families for being here and keeping it in the forefront of safety so there is not other people sitting in those same seats next time we approach an issue like this. Because hopefully there won't be a next time. And the finger pointing, the old analogy, when you are pointing your finger, you got three fingers pointing at yourself. There is going to be a lot of finger pointing in this.

But I would really like to drill down on and get answers to is how the NHTSA, or whatever they are calling it, the National Transportation -- National Highway Transportation -- or excuse me, National Highway Traffic Safety Administration and you all, as an automobile manufacturer, if you can work to see that this doesn't happen again so that the two organizations can work together and drill down on these problems when we first learn them, whatever the next problem may be, that would be my goal for here today.

In answer to one of Chairman Upton's, the Chairman of full committee's questions awhile ago, and I don't even know what he was asking about exactly. But you said "I was not part of that organization at the time."

I am sure that was something within General Motors. Because you, like I, have a history that goes back I think to when you were 18 years old with General Motors. So you were there at the time as far as the overall organization but not whatever part he had -- your father, I believe, worked 39 years for Pontiac. So you indeed go way back.

I go back to 18 years old with General Motors too. When I was 18, my folks bought me a 1973 GM Jimmy. If you think of a big Suburban today, cut off two doors, and that was a Jimmy, or a Blazer; Chevrolet called theirs a Blazer. I was in the real estate and auction business for years, from 1973 to about 2005, I drove nothing but General Motors Suburbans. I remember times when the key would be in there and you would go to put your key in and it wouldn't work. Why wouldn't it work? Because I had a big key chain a big key ring. And it would vibrate. And it would tear the teeth off the keys to where the key no longer functioned.

But never once did I have that shut off, never once did I have that fail to act or shut off in the middle of driving. So, to me, from 1973 to 2005, with my experience, they made pretty good ignition switches.

Can you tell me how many models GM makes today?

Ms. Barra. Oh, around the globe, over a hundred.

Mr. Long. Hundred different models. Can you tell me how many ignition switches they make?

Ms. Barra. Well, we sell over 8 million vehicles.

Mr. Long. No, I mean how many per -- if you have a hundred models, how many different ignition switches would there be?

Ms. Barra. I can't answer that question. I don't know.

Mr. Long. To me, GM has proven in the past, and other companies have, that you can -- I just don't understand this reinventing the wheel, that every car has to have a different ignition switch with different set of circumstances made by somebody down in Mexico to make sure that it meets the qualifications.

So I would recommend two things: That you work hard with us. Our next witness from the National Highway Traffic Safety Administration says that a car, when it shuts off that the airbag will still deploy for 60 seconds. I can't imagine being in a cash that a car shut off and you continue for more and 60 seconds. So that is a question that I am going to have for him.

But I would ask that you reach out and work not only with your engineers, saying, hey, we have got some pretty good -- why do we reinvent the wheel every time we go to invent a new ignition switch for all these different models? And also hope that you will reach out and work with the National Highway Traffic Safety Administration so.

Ms. Barra. I would welcome the opportunity to have our technical experts look at how we can improve the way the system works. Because airbag deployment is part of the system, and I would welcome the opportunity if there are improvements that can be made, we would want to be in the forefront of making them.

Mr. Long. In communication with NHTSA.

Ms. Barra. And work closely with NHTSA --

Mr. Long. I appreciate it. I thank the families.

Mr. Chairman, I yield back.

Mr. Murphy. Now recognize Mr. Yarmuth for 5 minutes.

Mr. Yarmuth. Thank you, Mr. Chairman.

I, at the outset, want to express my condolences to the family of the victims of this tragedy. And I know it must be frustrating to you to listen to this testimony. And you are looking for answers and so are we and so is GM right now. And I hope we do get answers because I was frustrated by the same questions that my colleague had just mentioned. I have been driving a long time, and this is a pretty well established technology, sticking a key into an ignition and turning it. Are you aware of any other ignition problems that have been discovered or -- in GM or any other vehicle over the history of key ignition systems?

Ms. Barra. I have not reviewed every incident we have ever had. By I -- you know, we do, as we find issues, we document them and take them through our process. And in particular case it took way too long.

Mr. Yarmuth. And there is a new technology. I have been driving a car for four and a half years. I confess it is a Ford product, not a GM product, that has a push-button ignition. I was in a GM car last week, very nice one, by the way, which has a push-button ignition system.

How do you make the judgment as to whether a car has a push-button ignition system and/or a key ignition system and what are the differences?

First of all, in terms of safety, we know that this particular situation wouldn't occur with a push-button ignition system. But how do you make that decision as to what goes into which car.

Ms. Barra. We evaluate. And actually the push-button start is something that we are evaluating putting across the portfolio. As you look at the specifics of a push-button start versus the traditional ignition, I would like our experts to provide that information. Because again. The ignition switch and how it is a component that operates as part of a system of the vehicle especially as it relates from a safety perspective. I think we would be better served to have our experts cover that.

Mr. Yarmuth. But you are doing an analysis of whether a push-button ignition system is safer than a key ignition system?

Ms. Barra. We can definitely do that. I think, you know, there has been work done that both can be designed to be safe. But we are looking because of the customer, you know, it is a function, it is a delighter, usually when the vehicle has a push-button start, we have them on some of our vehicles. We continue to roll those out across our entire portfolio, and we are looking at doing it across the board.

Mr. Yarmuth. I have no idea if there is a difference in the safety. There may be done. But it would be worth doing that analysis.

One of my staff members has a 2005 Malibu that was recalled because of a power steering issue, and she called the dealership, and the dealership said that they didn't know how to fix it. So my question to you is, are you confident that GM knows how to fix the vehicles it recalls for the variety of problems that have --

Ms. Barra. Well, first of all, if we find a situation that is not safe and we don't know how to fix it, we are still going to recall the vehicles and we will take those actions. In this case, there may be a communication lag, because there is a fix, whether it is a check or a replacement of the product. So that does exist for that specific vehicle.

Mr. Yarmuth. So she is getting bad information from here dealership or they haven't been told yet.

Ms. Barra. I would assume. I can follow up if you would like.

Mr. Yarmuth. I mean, I think the public be would want to know that --

Ms. Barra. Right.

Mr. Yarmuth. Because you now have --

Ms. Barra. Right. That there is --

Mr. Yarmuth. -- millions of vehicles out there under recall. And she was told to go ahead and drive the vehicle if she felt safe. And I am not sure that every driver would know whether they should feel safe or not.

I mean, that -- some people, if the power steering goes out are strong people and maybe it is happened to them before and they know that it is going to take a little more effort to steer, other people might not. So, I mean, I don't even know how the average consumer is supposed to know whether they feel safe or not after a vehicle has been recalled.

Doesn't the company have some disclosure responsibility to say these things, at least these things could happen?

Ms. Barra. Yes, and we have done that, and that is a part of the letter that we send to the customer with we notify them of this issue, and then we provide information to the dealers as well.

Mr. Yarmuth. Okay. One final question.

We talk about and we are going to have the NHTSA representative here earlier. One of the things that you are not required to do is to provide warranty data proactively to the National Highway Traffic Safety Administration. Do you think that that is something that ought to be considered, that might be helpful? In this case, maybe dots could have been connected sooner if all that data had been --

Ms. Barra. I welcome the opportunity to look at what information that NHTSA would feel of value to submit.

Mr. Yarmuth. Thank you. I yield back.

Mr. Murphy. Thank the gentleman yields back.

I will now recognize Mr. Harper for 5 minutes.

Mr. Harper. Thank you, Mr. Chairman.

And to the family members that are here, our hearts indeed go out to you. And we will continue to get to the bottom of this.

And Ms. Barra, I know this is not the most enjoyable experience to go through this. But we are in a situation that, you know, we don't trust the company right now. And we have to get to the bottom of this. And so we want to continue to ask some questions.

If I can get you to refer to tab 28 in your binder. And I want to direct your attention to that email that is found at tab 28. In September of 2005, a few months after General Motors decided that there was not an acceptable business case to implement changes to the ignition switch, an engineering group manager emailed Lori Queen and other GM personnel including Raymond DeGiorgio about proposed changes for model year 2008 ignition switch.

So this engineer obviously explains that a more robust ignition switch will not be implemented in model year 2008 vehicles because it appears that piece cost could not be offset with warranty savings. In his email he references "piece cost." Is that just the ignition switch?

Ms. Barra. Generally, when people refer to piece cost, they refer to the part.

Mr. Harper. So he is just referring to that ignition switch. That is a yes?

Ms. Barra. Again, I didn't write this note. But I am just telling you generally when people use the term "piece cost," that is what it means.

Mr. Harper. As he notes in that email, an increase of 90 cents; is that correct?

Ms. Barra. I am sorry?

Mr. Harper. Does the email say there would be an increase of 90 cents?

Ms. Barra. Yes, I see that?

Mr. Harper. And since the warranty offset was only 10 cents to 15 cents, GM didn't make the change.

Ms. Barra. And that is not something that I find acceptable. If there is a safety defect, there is not a business case, this analysis is inappropriate.

Mr. Harper. And I appreciate that you don't find that acceptable. But that indeed is what happened here. Correct?

Ms. Barra. And that is -- exactly. And that is one piece of data as we go through the investigation as we put the pieces together we will take action. Because this is not the type of behavior that we want in our company today with our engineers today.

Mr. Harper. And understand, we are trying to go back and figure out what happened and understand that so we can indeed make sure as you do that this never happens to anyone else again.

Now Lori Queen, what was her position at the time?

Ms. Barra. 2005, I believe she was a vehicle line executive. But you can go back and confirm that.

Mr. Harper. If you would let us know, please.

How does cost factor into decisions about safety?

Ms. Barra. They don't.

Mr. Harper. Has --

Ms. Barra. But they --

Mr. Harper. Go ahead.

Ms. Barra. Again, I can only speak to the way that we are running the company. And if there is a safety issue, if there is a defect identified, we go fix the vehicle, fix the part, fix the system. It is not acceptable to have a cost put on a safety issue.

Mr. Harper. And that is obviously your position and your goal and the way you want it to be now, but that is not the case of what we are going back and looking at.

So you are telling us that General Motors has changed its position of how it handles costs and is safety issues. It hasn't been this way before, but this is how you want it now. Am I correct?

Ms. Barra. This is how it is, I think we in the past had more of a cost culture, and we are going to a customer culture that focuses on safety and quality.

Mr. Harper. When we go back and look at who first, who first authorized the use of an ignition switch that did not meet specifications.

Ms. Barra. And that is something we will learn in our investigation.

Mr. Harper. Now, one of the things that concerns us, of course, is when General Motors filed bankruptcy in 2009, it wasn't an overnight problem with money or with the loss of profits or losing money each year. In 2005, I know General Motors lost 10.6 billion; jump to 2007, lost 38.7 billion, 2008, lost 30.9 billion, and then filed for bankruptcy in 2009.

The fact that General Motors was going through many years of financial issues, did that impact how this was categorized and was not dealt with at that time as it should have been?

Ms. Barra. I can't answer that question. I want to know the answer to that question, and when I do, I will take action.

Mr. Harper. You indicated earlier that a specific traffic death was not included in the count of fatalities that may have been associated with this issue, I would like to see other traffic deaths or serious injuries that were looked at but the determination was made that it was not part of this total. Can you get us that information?

Ms. Barra. Through our TREAD information, yes.

Mr. Harper. Will you get that for us?

Ms. Barra. Yes.

Mr. Harper. Thank you very much. I yield back.

Mr. Murphy. Gentleman yields back.

Now recognize Ms. Castor for 5 minutes.

Ms. Castor. Thank you.

Natasha Weigel, age 18, was killed October 24th, 2006 while riding in a 2005 Chevy Cobalt. Sarah Troutwine, age, 19 was killed on June 12th, 2009, after losing control of her 2005 Chevy Cobalt, and Allen Ray Floyd, age 26, was killed on July 3rd, 2009 after losing control of his 2006 Chevy Cobalt.

I understand that Ms. Weigel's parents and Ms. Troutwine's family are in attendance at the hearing today. Others have been killed because of GM's defective ignition switch. The fact is, we do not know yet the full extent of the fatalities, injuries, and accidents. But evidence is growing through this investigation and that in the press and hopefully your own investigation, that the deaths could have been avoided if GM had addressed this issue long ago.

We know that GM knew about this problem as far back as 2001. The committee learned last week that the supplier of the faulty switch, Delphi, conducted tests, that year, 2001 which showed that the switch didn't meet GM's specifications. But GM used this switch in Cobalts and IONs and other vehicles anyway.

Ms. Barra, the committee sent you a letter about this issue. And documents were received yesterday that show that these inadequate switches were approved by GM in May 2002. I have a document here and it has been placed before you and it is at tab 54 in the binder as well. This document shows that the force required to turn the ignition switch was too low. That specification is clearly marked "not okay." Ms. Barra, does this document show that GM officials were aware that the ignition switch did not meet company standards in 2002?

Ms. Barra. If this document was provided to the engineers, again, that is something I will learn in our investigation.

Ms. Castor. Internally, GM knew there were problems. By 2004, they are considering ways to fix the problem by redesigning the faulty switch.

This document, which is also placed before you, this is at tab 8 in that notebook as well. From 2004, shows that GM did reject alternative designs. It mentions 1-year lead times and says, quote, the tooling costs and piece prices are too high. It concludes, "Thus none of the solutions represents an acceptable business case."

Other documents present the piece-cost increase for a potential solution as 57 cents per unit. Ms. Barra, do you know who at GM would have made the decision about whether to make this change in 2004?

Ms. Barra. Well, first of all, I find that decision unacceptable, as I have stated. If there is a safety defect, the cost is not the issue that we look at. We look at what is going to take the fix the problem and make the vehicle safe. As we go through our investigation, we will put all the pieces together of incidents and actions that were taken or not taken over a more than and decade period and make the appropriate process changes.

Ms. Castor. So, in retrospect, do you think that a repair cost of 57 cents was too costly for GM to undertake?

Ms. Barra. Again, if we are making a decision on safety, we don't even look at costs. We make the change.

Ms. Castor. But there was a major disconnect between what GM told the public and what it knew in private. In private, GM approved the switch that it knew it was defective, and then the company appeared to reject other changes because of cost of 57 cents per fix was too high a price to pay.

Now also in 2005, the New York Times ran a review in which the author wrote about his wife encountering a problem account Chevy Cobalt. He, quote, said, "She was driving on a freeway when the car just went dead. The only other thing besides a key on the ring was a remote control fob provided by GM. The GM spokesman at that time, Allen Adler, issued a statement saying, In rare cases, when a combination of factors is present, a Chevrolet Cobalt driver can cut power to the engine by inadvertently bumping the ignition key to the accessory or off position while the car is running. When this happens, the Cobalt is still controllable."

So I find it baffling that not only did GM know about this serious problem over a decade ago but that it was discussed on the pages of the New York Times. And when GM responded publicly, it essentially told drivers, no big deal. Engines cut off all the time.

When your engine suddenly cuts off when you are driving on the highway, would you consider this a safety issue?

Ms. Barra. Yes.

Ms. Castor. And you have indicated that you were not even aware that GM was investigating the Cobalts until December 2013; is that correct?

Ms. Barra. I was aware that there was analysis going on related to a Cobalt.

Ms. Castor. But at the time the New York Times wrote their report in 2005, what was your position?

Ms. Barra. In 2005, I believe I was in the manufacturing engineering organization of the company.

Ms. Castor. So you were a high-level executive at GM responsible for vehicle manufacturing?

Ms. Barra. The equipment that we use to build vehicles.

Ms. Castor. And one of the Nation's largest newspapers raised the issue in this important new vehicle launch for GM and you did not know about it at the time?

Ms. Barra. I don't have a recollection of that article.

Ms. Castor. Do you recall it being a concern for GM?

Ms. Barra. I was not aware that this was this issue until the recall was introduced on January 31st. I only knew at the end of December that there was an issue with the Cobalt. I did not know it was an ignition switch issue.

Ms. Castor. Thank you, Mr. Chairman.

Mr. Murphy. Thank you.

That concludes our members, but I would like to see if Mr. Terry of Nebraska, who is the subcommittee chairman of Commerce, Manufacturing, and Trade would have an opportunity for 5 minutes. Is there any objection.

Mr. Terry. Thank you.

Mr. Murphy. Without objection, you may proceed Mr. Terry.

Mr. Terry. Thank you.

I appreciate this. And I am sorry for being late, but my plane was canceled for mechanical reasons, probably an ignition switch. USAir.

So, getting back to NHTSA. And I chair the subcommittee over jurisdiction with NHTSA and the TREAD Act. And the TREAD Act clearly requires in the act manufacturers to inform NHTSA within 5 days of any, quote, "noncompliance or defects that create an unreasonable risk of safety."

Did GM at any time contact or notice NHTSA of any noncompliance or defects regarding the ignition switch?

Ms. Barra. That is something I hope to learn as we go through our investigation.

Mr. Terry. Okay. What is the difference between noncompliance and a defect?

Ms. Barra. It is a very broad question.

Mr. Terry. No. It is a very specific question.

Ms. Barra. I think it depends on the specific situation that you are talking about.

Mr. Terry. Regarding an ignition switch.

Ms. Barra. So your question is what is a noncompliant --

Mr. Terry. Yeah, a noncompliant ignition switch.

Ms. Barra. My understanding of when there is a noncompliance it is a very specific term used by NHTSA to standards.

Mr. Terry. Right.

Mr. Barra. But I can get you the specific definition of that, versus when we feel we have found a defect with one of our parts. That is my understanding.

Mr. Terry. And that is why it is "or." So when an ignition switch is substandard, it is noncompliant. And a defect, then, is a higher level. And I think that is what we are looking for here today, is to determine if there was, quote, unquote, a "defect."

Ms. Barra. Congressman, I think in the language that we use with NHTSA there is very specific definitions. And I would like to provide those to you as opposed too --

Mr. Terry. I can get the definitions from NHTSA. I am not asking you to do that.

Ms. Barra. You are asking a very specific question related to this, and I am trying to be truthful.

Mr. Terry. Okay. But just all right, I am not trying to beat up on you here, but just repeating back NHTSA's definition, I am asking specifically how it applies to the ignition switch. And NHTSA's going to testify there was no notice.

Ms. Barra. I am sorry, I didn't hear. NHTSA is going --

Mr. Terry. My understanding is that NHTSA said that GM did not contact them of noncompliance.

Ms. Barra. If I find through our investigation that we did not provide the appropriate information to NHTSA, that will be a very serious issue and we will take --

Mr. Terry. Okay.

Ms. Barra. -- appropriate action with the individuals involved.

Mr. Terry. All right, thank you.

I yield back.

Mr. Murphy. The gentleman yields back.

I think there are no further questions.

Although, Ms. DeGette, you had a clarifying question?

Ms. DeGette. I just had two questions, Mr. Chairman. Thank you.

The first one is, I have been sitting here thinking about these new ignition switches that you are putting into the recalled cars. They are based on the 2006 specs. But what you are saying, Ms. Barra, is that they are going to meet the highest safety standards when they are manufactured; is that right?

Ms. Barra. Our engineering team is going through extensive validation testing to make sure that they meet the requirements.

Ms. DeGette. And, on the component technical specification, it is tab 53 of your notebook, which was December 6, 2012, it says, The minimum torque required by the switch on the return side of the ignition switch, from crank to the run position must be 15 N-CM. So would that be the standard, then, since it says it must be that?

Ms. Barra. From the position of run to accessory?

Ms. DeGette. Yes.

Ms. Barra. Fifteen is the minimum. The spec is 20 plus --

Ms. GeGette. Right.

Ms. Barra. -- or minus five.

Ms. DeGette. But yeah okay.

And my final question is, I am impressed, this committee has had experience with Kenneth Feinberg before. Because he was appointed to help administer the fund that was set up by BP after

Deepwater Horizon, which was this committee's investigation. He was also appointed to administer the fund after the Boston Marathon terrorist attacks.

But I want to make sure that what you are doing when you hire him is you are really doing something. Because he is usually hired to sort out the value of people's claims. And then assign money. And I am assuming GM's hiring him to help identify the size of claims and then help compensate the victims; is that right? Is GM willing to put together some kind of a compensation fund for these victims that Mr. Feinberg will then administer? Is that why you have hired him?

Ms. Barra. We have hired Mr. Feinberg to help us assess the situation. We understand --

Ms. DeGette. So really there is no money involved in this at this point?

Ms. Barra. We have just hired him and will begin work with him on Friday.

Ms. DeGette. So really you hired him, you announced it today. But so far he has not being given any ability to compensate victims; is that what you are saying?

Ms. Barra. We are going to work with him to determine what the right course of action is.

Ms. DeGette. And might that include victim compensation here?

Ms. Barra. We haven't made any decisions on that yet.

Ms. DeGette. Okay.

Thank you so much, Mr. Chairman.

Mr. Murphy. Thank you, Ms. Barra. We thank you for your time today. GM has cooperated with this investigation, and we expect your company will continue to cooperate. Let me make a couple requests. One is, members will have other questions for you, and we hope that you respond to those within a timely manner. We also plan to conduct interviews, further interviews with General Motors officials and employees involved in the recalled part and maybe requesting more records. Will you make sure you make those available to us?

Ms. Barra. We will absolutely cooperate.

Mr. Murphy. Thank you.

And also on behalf of Chairman Upton and I, we would also like to be notified when you get your internal report and would like to discuss with you a chance to review that report as well.

Ms. Barra. We will notify you.

Mr. Murphy. Thank you very much.

I thank you, Ms. Barra. You will be dismissed.

But while this is taking place and waiting for Mr. Friedman to sit down, we are going to take a 5-minute break to allow Mr. Friedman to take his seat, and we will reconvene this hearing in 5 minutes. Thank you.

[Recess.]

Mr. Murphy. Thank you. This hearing of the Oversight and

Investigation Subcommittee on Energy and Commerce will now continue with our second witness.

Mr. David Friedman has served as an acting administrator of the National Highway Traffic Safety Administration since January 18th, 2014. He was sworn in as deputy administrator on May 15th, 2013. Before becoming NHTSA's, which is the National Highway Traffic Administration's, deputy administrator, Mr. Friedman worked for 12 years at the Union of Concerned Scientists as a Senior Engineer, Research Director, and as the Deputy Director of the Clean Vehicles Program.

I'll now swear in the witness.

Mr. Friedman, you are aware that the committee is holding an investigative hearing, and when doing so, has a practice of taking testimony under oath. Do you have any objections to testifying under oath?

Mr. Friedman. I do not.

Mr. Murphy. Thank you.

The chair then advises you under that under the rules of the House and the rules of the committee, you are entitled to be advised by counsel. Do you desire to be advised by counsel during your testimony today?

Mr. Friedman. I do not.

Mr. Murphy. In that case, would you please rise and raise your right hand.

[Witness sworn.]

Mr. Murphy. Let the record show the witness is now under oath and subject to the penalties set forth on Title 18, Section 1001 of the United States Code.

Mr. Friedman, you may now give a 5-minute summary of your written statement.

TESTIMONY OF DAVID FRIEDMAN, ACTING ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Mr. Friedman. Chairman Murphy, Ranking Member DeGette, and members of the committee, thank you for the opportunity to testify before you today.

To begin, I would like to say that on behalf of everyone at NHTSA, we are deeply saddened by the lives lost in crashes involving the General Motors' ignition switch defect. The victims' families and friends some of whom I believe are here today, have suffered greatly, and I am deeply sorry for their loss.

Safety is NHTSA's top priority, and our employees go to work every day trying to prevent tragedies like these. Our work reducing dangerous behaviors behind the wheel, improving the safety of vehicles, and addressing safety defects has helped reduce highway fatalities to historic lows not seen since 1950.

In the case of the recently recalled General Motors vehicles, we are first, focused on ensuring that General Motors identifies all vehicles with a defective ignition switch, fixes the vehicles quickly, and is doing all it can to inform consumers on how to keep themselves safe.

We are also investigating whether General Motors met its responsibilities to report and address this defect as required under federal law. If it failed to do so, we will hold General Motors accountable, as we have in other cases over the last 5 years, which have led to record fines on automakers.

Internally at NHTSA and the department, we have already begun a review of our actions and assumptions in this case to further our ability to address potential defects. Today I will share what I have learned so far.

NHTSA used consumer complaints and early warning data, three special crash investigations on the Cobalt, industry websites, and agency expertise on airbag technology. Some of that information did raise concerns about airbag non-deployments. So in 2007, we convened an expert panel to review the data. Our consumer complaint data on injury crashes with airbag non-deployments showed that neither the Cobalt nor the ION stood out when compared to other vehicles.

The two special crash investigation reports we reviewed at the time were inconclusive on the cause of non-deployment. The reports noted that the airbags did not deploy and the power mode was in accessory. But these crashes involved unbelted occupants and off-road conditions that began with relatively small collisions where, by design, airbags are less likely to deploy in order to avoid doing more harm than good. Further, power loss is not uncommon in crashes where airbags deploy and did not stand out as a reason for non-deployment. In light of these factors, NHTSA did not launch a formal investigation.

We continued monitoring the data and in 2010 found that the related consumer complaint rate for the Cobalt had decreased by nearly half since the 2007 review. Based on our engineering expertise and our process, the data available to NHTSA at the time was not sufficient to warrant a formal investigation.

So what does all this mean? It means that NHTSA was concerned and engaged on this issue. This was a difficult case where we used tools and expertise that over the last decade have successfully resulted in 1,299 recalls, including 35 recalls on airbag non-deployments. These tools and expertise have served us well, and we will continue to rely on and improve them. For example, we have already invested in advanced computer tools to improve our ability to spot defects and trends, and we are planning to expand that effort. But what we know now, also means that we need to challenge our assumptions, we need to look at how we handle difficult cases like this going forward.

So we are looking to better understand how manufacturers deal with power loss and airbags. We are also considering ways to improve the use of crash investigations in identifying defects. We are reviewing ways to address what appear to be remote defect possibilities. And we are evaluating our approach to engaging manufacturers in all stages of our defects process. Between these efforts and those of the department's inspector general, I know that we will continue to improve our ability to identify vehicle defects and ensure that they are fixed.

But I want to close on one important note. Our ability to find defects also requires automakers to act in good faith and to provide information on time. General Motors has now provided new information definitively linking airbag non-deployment to faulty ignition switches. Identifying the parts change and indicating potentially critical supplier conversations on airbags. Had this information been available earlier, it would have likely changed NHTSA's approach to this issue. But let me be clear, both NHTSA and the auto industry as a whole must look to improve.

Mr. Chairman, Ranking Member DeGette, I greatly appreciate the opportunity to testify before you today. Thank you.

[The prepared statement of Mr. Friedman follows:]

******** INSERT 3-1 ********

Mr. Murphy. Thank you.

Now recognize myself for 5 minutes.

Now Mr. Friedman, with the understanding you just got in this position of acting administrator just a couple months ago. And for the last 12 years, you were involved in other groups that focused on green energy and fuel cell technology. We understand if you are unable or uncomfortable asking specific questions about automobile engineering and safety, you are more than welcome to ask someone else, some of your support staff behind you.

So, I wanted to find out how NHTSA is communicating to the public about this recall. And I believe I have a slide available, or I have a poster here. I went to your website to see what I could learn.

And do we have that image available about this? And what it shows -- this is all. This is all I could find on your website about the recall notice. No information about the broader recalls, about parts replacement, investigation, or anything. I can't even click on this. It simply says, get rid of your car key fobs. But there is nothing else a person could do.

Can you fix the website so people could use to it get more useful information, please?

Mr. Friedman. Congressman, if there is added information that should be on there to make sure that people can get to the information available on our website, we will take those steps. Right now, consumers can go to our website and get all of the details associated with this recall. If they go to that "search" button and select the 2005 Cobalt.

Mr. Murphy. Just to make it easier, because no one trusts government websites --

Mr. Friedman. -- links right there, sir, absolutely.

Mr. Murphy. In 2007, the chief of NHTSA's Defect Assessment Division proposed opening an investigation of airbag non-deployment to the Chevy Cobalts. Am I correct about that date?

Mr. Friedman. Yes.

Mr. Murphy. Now, if you turn to tab 19 in your binder, it is labeled as the DAD Panel for November 15, 2007.

This is the PowerPoint presentation made to the Defect Assessment Panel on November 15th. At Bates stamp 4474, those little numbers at the bottom of the page, the presentation states that there have been 29 complaints about the Cobalt airbags, four fatal crashes, and 14 field reports; is that correct?

Mr. Friedman. That sounds correct.

Mr. Murphy. At Bates stamp 4480, there is a chart of airbag warranty claims for Cobalt airbags as compared to other comparable vehicles. Do you agree that the number of warranty claims for Cobalt airbags is much higher than other cars?

Mr. Friedman. Congressman, Mr. Chairman, that is one of the issues that did raise concerns on our part. What that chart shows is warranty claims, some of which are likely associated with airbag non-deployments, some of which may also and are very likely to be associated with warning lights on airbags or other potential problems.

This is a gross look at the data, and important look at the data that is provided by our early warning data system that we use to decide whether or not we need to look further into one of these issues, which is what we did do in this case.

Mr. Murphy. But still NHTSA panel decided there was not a trend here and decided not to investigate, despite the number of complaints, the fatal crashes, and the warranty claims. Why was NHTSA convinced that an investigation was not warranted? I believe this happened on two occasions.

NHTSA decided twice, don't move forward with an investigation. What specific information did you have that said don't go forward?

Mr. Friedman. Mr. Chairman, when we look at these cases and when they looked at this case at the time, they look at the whole body of information. You can't just rely necessarily on one piece of information. The core pieces of information that they relied on in the determination there wasn't sufficient enough information.

First was an analysis of the complaints, the injury crash complaints associated with airbag non-deployment and the exposure, the number of those divided by the number of vehicles that were on the road and the number of years they were on the road. That gives you a sense of how large the problem is in comparison to other vehicles.

When the team did that comparison, the Cobalt did not stand out. It was a little bit above average, but there were several vehicles that were significantly higher, there were some vehicles that --

Mr. Murphy. I understand. But twice, employees of NHTSA, raised a red flag on this. It wasn't just once. A second time too they said something is not right here.

So I am wondering if you did something different when that occurred the second time in reviewing it.

And such as, did anybody ask questions of why an airbag doesn't deploy? I mean, I looked at the statements there and had a number of things about power losses or how much longer battery power would be involved on an airbag deployment in case of an accident.

But did anybody ask a question, was there anything else, any other reason why an airbag wouldn't deploy, within NHTSA? Did anybody ask those questions.

Mr. Friedman. Mr. Chairman, my understanding is folks were trying to understand why the airbags did not deploy. When they looked at the special crash investigations in 2007, as well as the data available, those special crash investigations were inconclusive. Why? Because they indicated that these crashes were happening in off-road conditions with unbelted occupants.

Mr. Murphy. I understand. I am looking at reasons why airbags wouldn't deploy. And so you were talking among yourselves, according to what we understand, the PowerPoints.

What specifically did NHTSA ask GM? For example, and this is very important: Did NHTSA raise a question with GM, tell us the reasons why an airbag would not deploy in one of your cars? Did you ask GM that question?

Mr. Friedman. I don't have a record of that. I know our team did bring up concerns over this case to General Motors in a meeting, but I don't have records of us asking that specific question.

Mr. Murphy. I mean, it is important, because you are saying GM didn't provide you information. But you are also saying you don't know if you asked them for the information. I mean, it is important for the families to know what happened and if this key government agency which is tasked with protecting the safety of the public. I just want to know if those kinds of questions get asked?

Mr. Friedman. Mr. Chairman, those kind of questions typically do get asked of the car companies when we move into the investigation phase.

What this phase and where this was, was a phase where concerns are raised and it is discussed whether or not there is sufficient information to move to the point of asking those questions of automakers. Roughly in these defects panels, roughly half of the cases that are brought up are brought into investigations, roughly half are not.

One of the things that we are looking at relative to this process going forward is, do we need to make any changes when it comes to how we present this information and when we present our concerns to automakers. I do believe that there are some changes that we can make to engage automakers earlier in the process to put them in the position of letting us know if our concerns are shared by them and if they --

Mr. Murphy. Certainly I know the family members would want to know in retrospect what would you change in this whole process. But I am out of time.

I now recognize Ms. DeGette for 5 minutes.

Ms. DeGette. Thank you, Mr. Chairman.

Mr. Friedman, NHTSA investigated airbag non-deployment. But as you talked about, it was never able to connect the dots between that problem and the defective ignition switch.

So what I want to know is, if NHTSA had the relevant information it needed to make a fully informed determination and what the agency believed about the connection between the ignition switch position and airbag non-deployment during the time of its special crash investigations?

In your written testimony, you know that when NHTSA was investigating the airbag non-deployment issue, the agency mistakenly believed based on GM's service literature that the airbags would function up to 60 seconds after the power cut off.

Why did NHTSA think that?

Mr. Friedman. Thank you, Ranking Member.

That knowledge was actually based on years of experience and previous experience with earlier airbags where there was actually a problem, where airbags would go off long after the vehicle was turned off.

Ms. DeGette. And --

Mr. Friedman. Airbag systems have capacitors in them, and those capacitors are designed to store energy, so that if power is lost, the airbag can still deploy. Because power is often lost some of these kinds of crashes.

Ms. DeGette. But that is based on the GM service literature or the agency's experience or both?

Mr. Friedman. That is a very important question.

Ms. DeGette. Right.

Mr. Friedman. My understanding is that was based on the agency's experience. My understanding is -- and I apologize if I was not clear enough in my testimony. We have since, after General Motors made this recall, found that service information that confirmed our understanding at the time, which was that airbags are designed to be powered when the power is lost. So a power loss would not typically stand out --

Ms. DeGette. So okay. So you were base -- so NHTSA was base -- you weren't there -- but NHTSA was basing its determination on its experience. How is that, then, that it failed to connect the dots between the airbag non-deployment problem and it ignition switch problem?

Mr. Friedman. I believe there is two situations here.

First of all, the information we had at the time indicated that, you know, there were two possibilities put in front us in one of the special crash investigation reports. One of them was that the ignition being off could have been a cause. Another one was that the circumstances of the crash could have been the cause.

In those two cases, the more likely scenario was that the circumstances of the crash were more likely to yield to the airbags not deploying.

Ms. DeGette. So you also said that GM had critical information that would have helped identify this defect that NHTSA didn't have. What information could GM have given you that the agency -- that would have helped identify the real problem?

Mr. Friedman. Well, I made that statement based on looking at the chronology that General Motors provided with this recall.

Ms. DeGette. Okay.

Mr. Friedman. And there were at least a few things, in that chronology that raised serious concerns for me.

Ms. DeGette. And what were those things?

Mr. Friedman. The first was that there was a change in part number relative to the ignition switch, and we were never informed of that change.

The second is that there were some conversations with suppliers about their control algorithm, the control systems for airbags. We were never informed of that conversation, to my knowledge. And we did not have the details on how those algorithms worked.

Third, and most importantly, General Motors created a direct connection in their recall between the airbag non-deployment and the ignition switch. If we had any of those pieces of information, I truly believe it would have changed the way NHTSA would have approached this.

Ms. DeGette. Now, if GM is changing a part, are they legally required to inform NHTSA of that change?

Mr. Friedman. It is not clear to me that that is a legal requirement. But I can get back to you to make sure.

Ms. DeGette. I would appreciate it. Because it seems to me that is critical.

Now, in your opening statement, you said that in order for NHTSA to be able to make a correct determination, you need all of the information, as you just said. And you need it company to be acting in good faith.

Based on what you know now, do you think that at the time that all of this was happening GM was acting in good faith towards the agency?

Mr. Friedman. Congresswoman, we have an open investigation to answer that exact question. And if we find out that they were not, we will hold them accountable.

Ms. DeGette. And I would hope that you would inform this committee, irrespective of your determination, whether they did or didn't.

Mr. Friedman. Absolutely.

Ms. DeGette. When do you expect to finish that investigation?

Mr. Friedman. I can't put an exact timeline on it. We are getting hundreds of thousands of documents from General Motors. The deadline is April 3rd for them to provide those documents. It is not clear that they will be able to provide all the documents at the time.

But we have been making sure that they are continuously producing documents so that we can understand. As soon as my team is able to find information in those documents that indicate that General Motors had information that they should have acted on sooner, we will determine how to move forward to hold General Motors accountable; or, if we don't find that information, then we will also let you know.

Ms. DeGette. Thank you.

Mr. Murphy. Gentlelady yields back.

With regard to Ms. DeGette's question about if there is a change in a part, do they need to notify you. Will you also let us know if they make a change in a part, do they also have to have a different part number? I don't know what NHTSA's requirements are on that. That is an issue. Just you can submit that for the record.

Mr. Friedman. I will go back to you to be clear.

Mr. Murphy. We also need to know what information you were reviewing with regard to these airbags, GM cars or specific to the Cobalt. And would you please provide that information to the committee.

Mr. Friedman. Mr. Chairman, I believe we provided a significant amount of documentation, but we will continue to do so.

Mr. Murphy. On this, we would like to know what you are viewing.

RPTS KERR

DCMN SECKMAN

[5:05 p.m.]

Mr. Murphy. Unless -- we would like to know what you are reviewing.

Now recognize the chairman of the full committee, Mr. Upton, 5 minutes.

The Chairman. Well, thank you, Mr. Chairman, and I just want to -- I know you are, as well as our committee, is literally, we are looking through boxes of information, thousands and thousands of pages. And that continues and looks like we will be getting some more down the road.

Well, as you know, I wrote the TREAD Act, which passed unanimously in the Congress. President Clinton signed it into law, and the whole point or a major point of that law was that NHTSA would in fact get the information that it needed to detect a trend as quickly as they could. So when NHTSA considered whether to investigate the Cobalt for an air bag defect back in 2007, the early warning data was one of the factors that was cited in the Defect Assessment Division's recommendation to investigate it, correct?

Mr. Friedman. That is correct.

The Chairman. So what was -- looking back, what is -- what is the problem? Did GM not report the information that the law required? Or was NHTSA unable to sort through the information that it had to find the problem or both?

Mr. Friedman. Congressman, we have an open investigation to determine whether or not General Motors failed in their responsibility to provide information, and we will definitely report to this committee the results of that effort.

In terms of what our team did. Our team looked at all the available information using the approach that we have used successfully to lead to over 1,299 recalls influenced by NHTSA over the last 10 years. We use that process to look into the early warning data, to look at the consumer complaint data, to look at special crash investigations, and a variety of other information.

We dug into that data. We analyzed it. We tried to see if there was a defect trend that stood out. The data didn't support that. It showed that the Cobalt did not stand out when it came to air bag nondeployments.

We looked at the special crash investigations. Those available at the time were inconclusive. This was a case where the team worked very hard to try to understand what was happening and wasn't able to see a significant enough trend or a clear enough defect.

What I am learning from this and where we have to go in the future is we need to look more carefully at remote defect possibilities. We need to reconsider the way we are using special crash investigations. We need to continue to invest in tools. We are already investing in computer tools basically grown out of the Watson IBM software to be able to more effectively, more efficiently use our resources to spot trends. We've got to put all these tools forward, and we've got to look for opportunities to make changes, look in better spots that --

The Chairman. So, as you look to embark on an investigation, do you consider the number of deaths? I mean, is there some trigger that you use to warn further exploration, whether it is 1 death, 4 deaths, 10 deaths, 20, 100, I mean, is there some type of standard equation that you put into place?

Mr. Friedman. Congressman, there is not. Our goal, what I would love to be able to do is to find each and every one of these defects before there's a single death. It is the manufacturer's responsibility to be reporting all of these defects and getting them fixed. When they do not, it is our job to try to find them. We don't have a simple rule-of-thumb because each case is different. In some cases, we have opened investigations after one incident where it was clear that it was a defect. In other cases, we have had to rely on the trend data that indicates that this stands out. I can't give you a specific --

The Chairman. So let's play Monday morning quarterback. So, today is April 1st, 2014. These problems arose over the last 10 years. What would you have liked to have had on your platter from GM specifically in terms of information today that you didn't have in the last 8 or 10 years?

Mr. Friedman. Well, at a minimum, what I can tell you, based on their chronology, I would have liked to have had information that they had changed the parts on the ignition switch. I would have liked to have had information that they were talking to their suppliers, because they appear to have had concerns about the algorithm associated with air bag nondeployments. I would have certainly liked to have any information they had directly linking the ignition switch defect to air bag nondeployments. As we go through our investigation, I should be able to come back to you and let you know if there is additional information they should have had --

The Chairman. And are you pretty certain that today that they did not provide that information to you?

Mr. Friedman. It is my understanding that none of that information was available. We are continuing our efforts to try to make sure that we understand what happened, so I can't say that I can give you a comprehensive and definitive answer, but my understanding at this point is that, no, we did not have that information.

The Chairman. I know Mr. Long wanted my last 15 seconds, so I -- that is now gone.

I yield back.

Mr. Long. Thank you, Mr. Chairman.

I will have my friend Mr. Terry here assist me, and the chairman of the committee here -- subcommittee showed you this picture awhile ago and said he couldn't navigate past this page, and you said that if any new information became available to you, that you would get that on the Web site.

Something we learned in the first hearing that I think is very germane is that if you will take your car to General Motors, they will give you a loaner at no cost or a rental car at no cost. I would call that very germane. I would call it critical, and if somebody has got an 2005, 2006, 2007, I think it would be enticing to drive a 2014 for a little while they repair your car, so that would be a suggestion to put on there.

I yield back.

Mr. Murphy. Thank you.

I might note to the gentleman, I received a call from one of my constituents who said he has tried to get a loaner car, and the dealer told him he couldn't have one, too.

Ms. DeGette. One more thing, too, you could put on there is take all your keys off the key ring except for the ignition key. That is the other thing Ms. Barra said. Is that on there?

Mr. Friedman. I believe that is very clearly on there. In fact, just to be clear, the reason why we did that is because safety is our top priority. We are all focused on investigating this case, but safety, safety is our top priority, which is why the first thing I wanted people to see when they came to that Web site was how to keep themselves safe. So I do just want to be clear, that is why we have that limited information there because I didn't want anyone out there who came to our Web site not to understand the steps how to keep themselves safe. I agree it is a good idea to put on there -- I will have to see if we can fit it in the space we've got, or if there is another way to point people to it, but I agree it is a good idea to let them know that --

Mr. Murphy. People need to know if it is safe to drive their current cars.

Mr. Dingell, you are now recognized for 5 minutes.

Mr. Dingell. Mr. Chairman, I thank you.

Mr. Friedman, let's look at NHTSA's internal decisionmaking processes. These questions will require a yes or no answer.

Is it correct that contractors for NHTSA's special crash investigations program conducted three separate investigations of Chevy Cobalt in 2005, 2006, and 2009 related to air bag nondeployment?

Mr. Friedman. Yes, that is correct

Mr. Dingell. Now, is it correct that NHTSA's Office of Defects Investigation reviews early warning reporting data and consumer complaints in deciding whether to open a formal defect investigation?

Mr. Friedman. Yes, those are parts of the process.

Mr. Dingell. Now, is it correct that GM submitted EWR data to NHTSA concerning Chevrolet Cobalts, subject to NHTSA's 2005 and 2006 special crash investigation? Yes, or no.

Mr. Friedman. I'm sorry, sir. Could you repeat that, please?

Mr. Dingell. I'll give it to you again. Is it correct that GM submitted EWR data to NHTSA concerning Chevrolet Cobalt, subject to NHTSA's 2005 and 2006 special crash investigation?

Mr. Friedman. Yes, that's correct. Those are important bits of our investigation.

Mr. Dingell. Now, is it correct that the Office of Defects Investigation, ODI, follows a multistep process in order to determine whether a defect exists in the vehicle? Yes or no.

Mr. Friedman. Yes

Mr. Dingell. Now, and that process includes an initial evaluation, a preliminary evaluation, and an engineering analysis. Is that correct?

Mr. Friedman. Yes, that is the standard process, but we will act earlier in that stage if we have compelling information that there's a defect. We do not wait necessarily to go through that whole process if we have sufficient information to act on.

Mr. Dingell. All right. Now, let's clarify something. NHTSA's Special Crash Investigation program is something separate and distinct from the formal ODI investigations process. Is that correct?

Mr. Friedman. That is correct

Mr. Dingell. Now, is it correct that the Office of Defects Investigation convened an initial evaluation panel in 2007 to investigate the nondeployment of air bags in the 2003, 2006 Chevy Cobalts and Ions, yes or no?

Mr. Friedman. That is correct

Mr. Dingell. Now, is it correct that the review was prompted by 29 consumer complaints, 4 fatal crashes, and 14 field reports?

Mr. Friedman. That was one of the reasons for the review. The additional --

Mr. Dingell. What were the other reasons?

Mr. Friedman. In addition, we were looking at consumer complaints. Those complaints raised concerns as well, and I can get back to you on the record with each of the pieces of information that were involved, but we do have a memo that was provided when this -- when it was proposed to potentially move this to a defect that lays out early warning data, consumer complaint data concern on the record, special crash investigation --

Mr. Dingell. Would you submit that for the record, please?

Mr. Friedman. Yes.

Mr. Dingell. Now, were there other things that triggered this review?

Mr. Friedman. My understanding is it was all the items in that memo was the information that triggered this review.

Mr. Dingell. So there weren't other things.

Now, is it correct that ODI decided not to elevate that review to a more formal investigation because there was a lack of discernible trend, yes or no?

Mr. Friedman. Yes, that was one of the reasons.

Mr. Dingell. What were the other reasons?

Mr. Friedman. The other reason is that the crash investigation information we had was inconclusive and did not -- was not able to point to a specific defect.

Mr. Dingell. All right. Now, to be clear, at the time of the 2000 initial evaluation, NHTSA had concluded that the Chevy Cobalt was not over representative compared to other peer vehicles with respect to injury crash incident rates. Is that correct?

Mr. Friedman. That's correct.

Mr. Dingell. Is there any other reason?

Mr. Friedman. Was there any -- the other --

Mr. Dingell. Was there any other reason that you came to that conclusion?

Mr. Friedman. In 2007.

Mr. Dingell. Now, also to be clear, NHTSA did not have information at the time of the 2007 investigation that, for example, linked air bag nondeployment to ignition switch position. Is that correct?

Mr. Friedman. We do not have any specific information that provided a direct link.

Mr. Dingell. So you are agreeing?

Mr. Friedman. I believe so.

Mr. Dingell. Okay. Now, Mr. Chairman, I am troubled here.

It appears that we have a flaw in NHTSA's decisionmaking process which is related to defects and their inquiries into defects. I fully recognize, and I am like most of the members of this committee, I think, critical of the fact that NHTSA is short staffed and underfunded. At the same time, I am compelled to agree with Acting Administrator Friedman that Congress may need to examine the usual -- use of special crash investigations in the defect screening process, how best to get NHTSA the information it needs for that process, and how best to engage manufacturers around issue evaluations. In so doing, I think we will help to better ensure the safety of American motorists and their families.

And I yield back the balance of my time.

Mr. Murphy. The gentleman yields back.

Now recognize Dr. Gingrey from Georgia for 5 minutes.

Dr. Gingrey. Mr. Chairman, thank you.

Mr. Friedman, in your written testimony, you suggested that NHTSA, your agency, did not pursue investigations into the issues with Cobalts and Ions because they were unaware of information developed by General Motors. In the years leading up to this recall, has NHTSA had any concerns with General Motors' responsiveness or lack thereof to safety defects and concerns?

Mr. Friedman. Congressman, I would like to get back to you on the record with that just to defer.

Dr. Gingrey. Let me do this. You may not have to do that. Just look at tab 34. It is right there in front of you. In

July 2013, the head of ODI emailed General Motors with a number of concerns. It is the second page, bottom of the second page, sent to Carmen. You see you where I am -- you with me?

Mr. Friedman. I have not seen this before, but yes, I see it.

Dr. Gingrey. Okay. You want to read that first paragraph and then look -- look up and I will know that you have read it?

Mr. Friedman. Yes

Dr. Gingrey. He stated, The general perception is that General Motors is slow to communicate, slow to act and, at times, requires additional efforts of ODI that we do not feel is necessary with some of your peers. You read that, didn't you?

Mr. Friedman. Yes

Dr. Gingrey. Were you aware of the concerns raised by ODI, and I guess that was July 2013?

Mr. Friedman. I was not aware of this specific email, but I have been in at least one meeting where we sat down with General Motors and made clear to them that they needed to make sure that they were following an effective process when it came to their recalls.

Dr. Gingrey. So there was definitely some concern.

Mr. Friedman. Well, we -- with each and every automaker, we need to make sure that they have a good and effective process to quickly deal with this. This email clearly indicates some very specific concerns.

Dr. Gingrey. Did the agency have similar concerns in 2007, 2010, when it declined to advance any investigations into nondeployment of air bags in these GM vehicles?

Mr. Friedman. I don't know

Dr. Gingrey. You weren't with NHTSA at the time?

Mr. Friedman. No. I joined NHTSA back last year, I have been there for almost a year now.

Dr. Gingrey. Do you think NHTSA did enough to get the information that it needed?

Mr. Friedman. I believe in this case that the team looked very clearly and very carefully at the data. I believe that the reason why we didn't move forward was because the data indicated that the Cobalts didn't stand out and that we didn't have conclusive -- we didn't have conclusive information as to a very specific intent.

Dr. Gingrey. Well, you know, in 2005, GM issued this technical services bulletin -- and that's tab 12, if you want to flip quickly to tab 12 of your document binder -- this technical service bulletin to its dealers, and it recommended a solution for complaints of this inadvertent key turn due to the low torque, particularly by these Chevrolet Cobalts. The technical services bulletin instructed the dealers exactly what to do to provide an insert that converted a key from a slot design to a hold design. I don't know exactly what that means, but they do. General Motors believed that this would help reduce the force exerted on the ignition while driving from maybe shaking of the keys or bumping it with your knee.

In 2006, the technical services bulletin was expanded to include additional make and model years. Unfortunately, in the case of this young girl, 29-year old Brooke Melton, a nurse from my congressional district that was killed the day after she took her car in, saying, Hey, this engine is cutting off for no reason. And, you know, I know they must have gotten the technical service bulletin about this issue, but all they did was clean out a fuel line, gave her the car the next day, and led her to her death.

Administrator Friedman, yes or no, was NHTSA aware of General Motors' 2005, 2006 technical services bulletins related to low ignition key cylinder torque effect?

Mr. Friedman. Mr. Gingrey, first, if I may, Brooke's death was a tragedy. And it's a tragedy that we work each and every day to avoid. I do believe we were aware, as part of our efforts and as part of the special crash investigation, that we were aware of that technical service bulletin. At the time, that technical service bulletin would not have been seen as being associated with air bag nondeployment.

Dr. Gingrey. Yeah. Listen, I believe you, Mr. Friedman, I believe you, and you know, obviously, when people are driving impaired or texting or emailing or whatever, and you know, they don't change the oil when they should and their tires are low and the brakes are worn out, you know, there's some responsibility, some personal responsibility. But when they're doing everything the right way and they take their car in, and you know, they think that -- they trust the service department of the local dealership and they get a situation like this, I mean, you can understand why -- she's gone, but her parents, obviously -- and all these parents, these families are just irate because the expectation, if they're doing the right thing, they ought to be safe.

Mr. Friedman. Congressman, I completely understand, and I would actually argue that consumers should expect that their cars should function as they're designed no matter the cause of the crash.

Dr. Gingrey. Absolutely. Thank you, Mr. Friedman.

I yield back.

Mr. Murphy. I venture to say that they would assume the car keys don't have to be monitored --

Mr. Friedman. Correct.

Mr. Murphy. -- and checked.

Mr. Murphy. Mr. Green, you are recognized for 5 minutes.

Mr. Green. Thank you, Mr. Chairman.

Mr. Friedman, thank you for appearing today. NHTSA has a central role for consumer safety, and I would like to understand better how long it took for NHTSA to identify this fault. In your opinion, how did NHTSA not identify the deadly trend.

Mr. Friedman. Congressman, when our team looked at the data, the trend did not -- there was not a trend that stuck out. In fact, when it came to air bag nondeployments, the Cobalt was not an outlier.

Mr. Green. Was it -- was GM forthcoming with their data?

Mr. Friedman. Well, that's the exact question and that's the exact reason why we have an open investigation to them. I do have concerns about the parts change, about conversations they had with suppliers, and any of their information they may have had, which is exactly why we opened up an investigation to them, and if they did not follow the law in their requirements to get information to us and to respond quickly, we're going to hold them accountable as we have with many other automakers.

Mr. Green. Okay. Earlier this month, the New York Times reported on NHTSA's response to the consumer complaints over the years about ignition switch issues used for the recalled vehicles. According to the Times, many of the complaints detailed frightening scenes which moving cars suddenly stalled at high speeds on highways, in the middle of city traffic and while crossing railroad tracks. A number of the complaints warned of catastrophic consequences if something was not done. NHTSA received more than 260 of these consumer complaints over the past 11 years about GM vehicles suddenly turning off while driving, but it never once opened an effective investigation with the ignition issue -- switch issue. If consumers submitted these complaints to NHTSA, many were met with a quote of just silence.

Mr. Friedman, Mary Ruddy's daughter died in a crash involving a 2005 Cobalt. Ms. Ruddy has repeatedly tried to contact NHTSA for information but has only received form letters. She told the New York Times that, quote, I just want to hear -- someone to hear from me. We've had no closure. We still have no answers. Ms. Ruddy was -- I don't know if she's still here today, but she was in the audience. Has NHTSA been in contact with Ms. Ruddy?

Mr. Friedman. Mr. Congressman, my understanding of what happened with Ms. Ruddy -- well, first of all, Ms. Ruddy deserves answers, and that is exactly why we are looking into what GM did. That is exactly why we are making sure we understand what happened. What she has been through, it is a tragedy, and we've got to work to make sure that those don't happen again.

In terms of my understanding of Ms. Ruddy's contacts with NHTSA, those contacts were made through our complaint system. In those complaint systems, as we do note on the Web site, we do not necessarily respond to all of those complaints because what we are doing with those complaints is we are looking for potential problems, and if those complaints don't contain sufficient information, if we have questions about them, we do follow up with consumers. But if they have the information we need, we do not, because the goal of those complaint databases is to try to find problems.

In this case, my understanding is Ms. Ruddy provided those complaints after being notified of a recall that NHTSA did influence. We got the Cobalt recalled.

Mr. Green. I only have 5 minutes, but do you -- did NHTSA really receive 260 consumer complaints over 11 years about this automatic shutdown of your engines?

Mr. Friedman. I don't have that exact number, but what I do know is that at NHTSA, we -- human eyes look at every single one of these complaints to try to find out if there is something that stands out. My understanding of the complaints you are referencing are that they were for stalls and that only a very small number of them were related to air bag nondeployments. What we were looking for --

Mr. Green. I know but 260 complaints on the car stopping.

Mr. Friedman. Right.

Mr. Green. On the freeway or wherever it's at. I don't know if that is a high number or a low number over, you know, 11 years, but you might need to have somebody or who actually looks at complaints, and I assume they come from different parts of the country, so somebody identifies and said, Hey, we need to focus on these 260 complaints.

Mr. Friedman. Congressman, in this case, a human eye looked at each and every one of those, and whether that's a large or a small number based on the analysis that I've seen relative to the number of Cobalts that were out on the road, that was not a very large number compared to a lot of the other stall complaints that do happen for a variety of other vehicles that are out there.

Mr. Green. Well, you told me about how NHTSA responds to consumer complaints, but it seems like in this case, NHTSA might look at how they respond to consumer complaints much better because I know as a Member of Congress, believe me, if we don't respond to emails and letters, we will hear about it, and if I get a number of emails on a certain subject, you know, we obviously respond to it.

So, Mr. Chairman, I know I'm almost out of time, and thank you for your courtesy.

Mr. Murphy. The gentleman yields back.

I now recognize the gentleman from Louisiana, Mr. Scalise, for 5 minutes

Mr. Scalise. Thank you, Mr. Chairman.

And Mr. Friedman, thank you for being with us and participating in this investigative hearing as well. I know earlier you had talked about the decision back in 2007 when the chief of Defect Assessment Division at your agency had suggested opening an investigation and then ultimately, some time after, it was decided not to open that investigation. When was the decision made not to open the investigation?

Mr. Friedman. That was also made in 2007, and basically what the chief of the defect investment -- sorry, Defects Assessment Division was doing was exactly what his job requires him to do. He is supposed to look for potential defect cases and bring those up to a panel where those are considered, where a broad set of evidence is considered.

Mr. Scalise. Is that the trends in relation to peers, i that's the language that you all were using when you're looking at, I guess, similar cars that were having similar problems with air bags?

Mr. Friedman. That's one of the pieces of information that's used as well as crash investigations and other EWR data that is involved. About half of those that are brought up do not end up going to investigation, but we have designed our system to make sure that we have at least two teams always looking for potential problems. The Defects Assessment Division is always looking for potential problems and raising that question. That's what --

Mr. Scalise. And then I'd be curious to get the information that you got within NHTSA that helped make that decision not to move forward with the investigation between September 2007, when the Defect Assessment Division decided -- that suggested to go forward, and then when you subsequently, your agency subsequently decide not to because when you look at this chart we got from 2007, the Cobalt versus Peer crash rate, there is a chart, and you've got the other peers and you've got some fairly static numbers and then you've got the spike here in what's called exposure rate per population that seems to spike with the Cobalt, and so if -- if the internal decisionmaking was that they were similar to their peers, it doesn't seem to mesh from this chart from 2007. So if you can get me or get the committee whatever information you have on what decisionmaking went into NHTSA's final call to reject what was a warning or so from internal -- the Defect Assessment Division, and can you get us that information?

Mr. Friedman. Well, I believe we provided that information to the committee already, but if there is additional information, I'll make sure committee has --

Mr. Scalise. And were you all --

Mr. Friedman. I'm sorry, sir

Mr. Scalise. You had something else you wanted to add to that?

Mr. Friedman. Thank you, yes, I apologize. I just wanted to make clear about what the data shows. I believe you're referring to this chart. The bars here represent the defect, the potential defect, or really the complaint rate, and what you'll see with these bars is they're not spiking, they're not standing out in comparison to these others. The average is here, and they're just above average

Mr. Scalise. The blue line there on your chart

Mr. Friedman. Right. And that's what I was wondering if you were pointing to. The blue line is the volume of -- I believe that's the volume of reports. No, that's the volume of sales, so that indicates how many vehicles were sold, but the complaint rate that's the important data that we're looking at are the bars.

Mr. Scalise. Okay. Did you take action on any of those other cars that are identified in that chart?

Mr. Friedman. In some cases, we took action. In some cases, we did not.

Mr. Scalise. So in some, you did. If you can get us -- again, if you can get the committee the list of those cars where you did take action because clearly you made the choice not to take action in the case of the Cobalt, so we appreciate if you can get us that.

I do want to ask a few other questions because in your testimony, you'd made a few, I don't know if you'd call them accusations, but I guess you could call them that. I mean, here you're saying we're pursuing an investigation of whether GM met its timeliness responsibilities to report and address this defect under Federal law. I know you addressed this a little bit earlier, but if you've got any specifics that you're referring to when you make that statement, can you get that to the committee?

Mr. Friedman. Yeah. Well, the specifics, I believe, are in my testimony that there are three things that I am concerned about based on their chronology. First and foremost is that they have identified that there's a link between the ignition switch and air bag nondeployment. Second is that they changed the part. And third is they appear to have had conversations with their suppliers about the air bag algorithm in relationship to the key --

Mr. Scalise. Final question, and I know I am out time, GM had -- this is your statement: GM had critical information that would have helped identify this defect. Have you gotten our staff that critical information already that you feel GM had that would have helped identify this defect?

Mr. Friedman. So that information is the information that was referred to in General Motors' chronology. I believe the committee has asked for all that information.

Mr. Scalise. So we don't yet have that, as far as you know?

Mr. Friedman. I am not aware of exactly what documents you do or don't have, but if you don't have that information --

Mr. Scalise. If you can make sure we get that information if you have it.

Mr. Friedman. I also just wanted to clarify. We don't only look for trends. If there is a clear defect, we move forward into the investigation as well, so on -- I don't know the answer but on some of these cases, there may have not been as large of a trend, but if there was a clear defect, we would have investigated this --

Mr. Scalise. Thanks for your testimony.

And I yield back the balance of my time, Mr. Chairman.

Mr. Murphy. I just want to make sure, so we're very clear on this, when he's referring to the information given this committee, if you could highlight very specifically the information you did not have that GM later gave you that would have changed your decision, you make sure the committee has that. I mean, I know you said it was a parts switch, and that's what we have.

Mr. Friedman. Well, so, what I'm referring to, and I can highlight it in GM's chronology, is I'm referring to specific items that are identified in General Motors' chronology that brought concerns. We are getting that information from General Motors.

Mr. Murphy. Thank you.

I now recognize the gentlewoman from Florida, Ms. Castor, for 5 minutes.

Ms. Castor. Thank you, Mr. Chairman.

Administrator Friedman, GM has confirmed that it knew as early as 2001 that its ignition switches contained defects. And by 2004, GM had a body of consumer complaints that raised enough questions for them to open an internal engineering inquiry of the switches. Meanwhile, the National Highway Traffic Safety Administration, your agency, was beginning to receive its own body of consumer complaints of cars stalling and ignition switch failures, and in 2005, as your agency was monitoring air bag nondeployment issues, its special crash investigation of a 2005 Cobalt found that the ignition switch was in the accessory position when the air bags did not deploy. You said, At this point, it was not clear to the Highway Traffic Safety Administration what was happening.

But then information came out subsequently that you can tell us, should this have pointed NHTSA in the right direction, in 2007 agency investigated a second crash of a 2005 Cobalt where the air bags did not deploy, I think you said, At this point, it still, it did not stick out. And you've testified that you didn't see trends.

The crash report found that the nondeployment could be the result of, quote, "power loss due to movement of the ignition switch just prior to impact." But at this point, GM was also providing your agency with early warning reports in the third quarter of 2005, the fourth quarter of 2006, in addition to the crash -- special crash investigation, so we're all trying to figure out how it took so long for these defective ignition switches to trigger a recall at GM and then raise red flags at NHTSA and how the Highway Traffic Safety Administration could have noticed this issue sooner if GM had been more forthcoming.

So the committee's investigation has revealed that GM approved switches for these cars that did not meet the company specifications in 2002 and again in 2006. Did GM ever inform the Highway Traffic Safety Administration of this fact?

Mr. Friedman. Of which specific fact? I apologize.

Ms. Castor. That they -- that the ignition switches did not meet the company specifications?

Mr. Friedman. It's my understanding that we did not have that information.

Ms. Castor. Okay. The supplemental memo released this morning by the committee staff also revealed that GM had over 130 warranty claims on the recalled vehicles that specifically referred to problems with the ignition switch turning off -- turning the car off when going over bumps or when drivers accidentally hit the key with their knee or leg. Is it true that GM provides -- provided early -- in their early warning reports aggregate data of the warranty information but not the specific warranty claims listed by -- one by one in the comments from consumers?

Mr. Friedman. What all car companies provide are aggregate numbers associated with warranties, and so we don't know when we get those counts what the reason for those warranties could be. For example, on the air bag side, I believe I mentioned before, you know, the complaints could be because the air bag light was going off when they thought it shouldn't or because the passenger sensor was not working. So, we don't -- when we have that count, we do not have the information as to the detail of exactly what each and every one of those warranty claims is.

Ms. Castor. So if GM had shared the specific warranty claims, would that have been helpful to your agency?

Mr. Friedman. The specific warranty claims I believe you're speaking of are related to the ignition switch itself?

Ms. Castor. Yes, the 130 that have now come out due to the committee investigation.

Mr. Friedman. And my honest answer is I don't know, and that is in part because what -- at the time, we did not have the information we now have for General Motors directly connecting the ignition switch to the air bag recalls.

Ms. Castor. So the state of the law currently is that in early warning reports on any type of vehicle problem, the car companies do not have to provide you the specific warranty claims?

Mr. Friedman. I believe that's the case.

Ms. Castor. They can give you a summary in general?

Mr. Friedman. Yes, I believe that's the case.

Ms. Castor. And that's true whether it is a warranty problem with the radio or a warranty problem that could be a serious safety defect?

Mr. Friedman. I believe that's correct

Ms. Castor. Is that -- do you think it's time to look at the law if the -- if they're -- if a car company has so many -- you know, here, 130 warranty claims that are specific and they relate to a serious safety defect, do you think that would be helpful to your agency, maybe change the law and say when a car company becomes aware that they have so many of these serious safety defects, they have to provide you the specific warranty complaints from the consumer?

Mr. Friedman. Congresswoman, I have to look at the exact data before I would be able to tell you whether or not it would be valuable, but what I will --

Ms. Castor. But certainly if a company had gathered a critical mass of serious safety defect complaints, that would be helpful --

Mr. Friedman. Well --

Ms. Castor. -- correct?

Mr. Friedman. -- if they have information regarding a defect, I believe that information they would, without a doubt, have to provide to us. I believe the information --

Ms. Castor. But the law does not require that currently?

Mr. Friedman. Well, if they have information about a defect, I believe the law does. I believe what you're referring to are warranty claims, which may or may not be associated with a defect.

Ms. Castor. Okay. Well, I think this is an important issue for the committee to look at. There might be some new line drawing or directions on what these early warning reports and if there is serious safety information that they've -- a car company has -- has gleaned through their own internal investigation, it really needs to be provided to the agency.

Mr. Murphy. Thank you.

Mr. Friedman. And Congressman -- Chairman --

Mr. Murphy. Now recognize Dr. Burgess for 5 minutes. Thank you.

Dr. Burgess. Thank you, Mr. Chairman.

Thank you, Mr. Friedman, for being here with us. It's been a long afternoon. Now, your testimony, I think you stated that, in 2007 and 2010, there was not enough evidence to conduct a formal investigation into General Motors' Chevrolet Cobalt, despite the number of complaints and four fatal crashes that had already shown up, but in 2012, your agency, the National Highway Traffic Safety

Administration opened an investigation into an air bag problem that some Hyundai models -- my understanding is this was based on a single complaint, and that is okay. I think the air bag nondeployment is a serious issue, but why wasn't it a serious issue when the complaints were coming in about the Cobalt? Given the fact that you initiated the investigation with much less evidence in the case of Hyundai, how can you -- how can you assert that there was not enough evidence to proceed with General Motors' case?

Mr. Friedman. Congressman, safety is our priority, and air bag nondeployments is a serious issue and we treat them very, very seriously. I would have to get back to you on specifics of the Hyundai case, but it goes back to one of the points I made before, which is we are looking for two potential things. The best thing and the easiest ability -- the best thing to be able to find and the clearest thing to be able find is when there's an obvious indication of a defect. All it takes is one if that's clear.

Dr. Burgess. Yeah. And I agree completely, and I don't know -- I mean, you were not here when the CEO testified when we posed questions. One of questions I posed was for the accident that occurred in Maryland in July of 2005 where a Chevy Cobalt went down a street that ended in a cul-de-sac, maybe was driving too fast, a lot of problems that night, but the air bag didn't deploy when the car impacted some trees. And it was a pretty serious impact. In fact, it was so serious that the driver was then pushed up, compressed against the steering wheel with such force, I mean, she only weighed 106 pounds, and she broke the rim off the steering wheel, and that's a massive amount of force for a little 106-pound body to exhibit. So the air bag didn't deploy, and you know, I got your report here that it was in fact investigated in December of 2006, but that's a big deal that that air bag didn't deploy.

Different from all of the other accidents that we were given information about, because of the nature of this person's injuries, because of the cause of her demise, I can't tell you that the air bag would have saved her life, but I know, without the air bag, there was no chance at all, and of course, that was proven that night. But an air bag might have made a difference because the steering wheel that she broke off actually compressed against the upper dome, just below the diaphragm, below the rib cage, and lacerated the liver, and over the course of the next hour and 45 minutes, small woman, small blood volume, she bled out. I mean, an air bag might have made a big difference that night.

Now, contrasting that with another accident that occurred in Pennsylvania in 2009, where there was a head-on collision between a Hyundai and a Cobalt, and as I pointed out to the GM CEO, the Cobalt was not at fault, and that is, the driver of the Cobalt was not at fault. The Hyundai came over the center line, and there was a head-on collision. Closing speed was probably close to 100 miles an hour when you add the two speeds of the automobiles together. Everyone who was in the front seat of those vehicles died, but the Cobalt air bag did not deploy. The Hyundai did. Now, unfortunately, it didn't make any difference as to the overall fatality of that accident, but here you've got a side-by-side, identical speeds with which the impact occurred, the deceleration forces were identical in both automobiles. Hyundai deploys, Cobalt doesn't, this is a problem. Don't you agree?

Mr. Friedman. Congressman, when air bags don't deploy, that's a serious issue. There's also a serious issue sometimes when air bags do deploy. Over 200 people died because air bags, earlier air bags, deployed when they shouldn't have or deployed too strongly when they shouldn't have. Part of the challenge with all this, part of the reason why this information ended up not being conclusive for us is because air bags are designed, even in some difficult crashes, to not go off because that's the safest thing, that's the best way to avoid potential harm.

Dr. Burgess. Sir, in all due respect, I cannot imagine -- and I'm not an engineer, and I'm not lawyer, but I cannot imagine any circumstance where impacting an oak tree at 70 miles an hour or a head-on collision at 45 miles per hour per vehicle would not be a situation where you did not want the deployment of the air bag. I can't think of a single reason why the air bag deploying would add to the lethality of that accident sequence.

Mr. Friedman. Congressman, I completely understand why -- why you have -- why you feel that and why you have that impression. In the case of the 2005 crash and in general with these air bags, if you have an unbelted occupant and a small strike first, the risk at play here is that the occupant may be moving forward during that crash. If you're moving forward during that crash and the air bag is opening, yes, it actually could cause more harm than good. When the air bag is -- system is trying to decide whether or not to deploy --

Dr. Burgess. It couldn't have possibly done more harm that night. I would just submit that first impact was with a 5-inch pine tree, and although the pine tree yielded to the Cobalt, it was still a pretty significant impact when that happened.

Thank you, Mr. Chairman. I will yield back.

Mr. Murphy. The gentleman's time is expired.

I will now recognize Mr. Barton for 5 minutes.

Mr. Barton. Thank you. And I want to apologize to the other recall members that are still here. I have been watching the hearing as I've been doing meetings, but I apologize for not being here physically to go ahead of some of you folks, and having said that, I'm going to go ahead.

I have listened to most of what you said today on the television, and I think it's obvious that GM has some real questions that they've not done a very good answering today, but I also think, as the Federal regulator on the block, there are some valid questions for your agency to answer. My first question is, at what level of accidents or deaths or incidents of malfunction triggers more than normal NHTSA review, not necessarily a full fledged investigation, but in this case, we, in hindsight, have got 13 deaths that we feel are attributable to this ignition problem over a 10-year period. I don't know how many accidents, how many injuries, but you know, when would NHTSA really start looking at something and say, you know, there's an anomaly here, we need to check it out?

Mr. Friedman. Congressman, first, I appreciate your question, and you know, part of what you started with is there are important questions that NHTSA has to answer in addition to General Motors, and I think this is an incredibly important process because we have questions, you have questions. What we need -- what my focus is in addition to the recall is making sure NHTSA does everything we can to improve the way we deal with these cases.

When it comes to your question about, is there a specific level? Each case ends up being different. Ideally, what I would like to have happen, is that we find any -- first, that automakers find and fix these defects right away. If they don't, ideally, I want to find and fix these defects --

Mr. Barton. But there is some internal reporting system or monitoring system and like if a specific model started showing up, 100 accidents a month that were unexplainable, that would be a big enough blip that somebody at NHTSA would say, Well, what's going on there. I mean, if you had a steering problem, if you had a brake problem, if you had a gasoline tank problem that kept exploding over and over again, not once every decade, but I mean, you know, enough that you could see in your reporting, somebody at NHTSA would say, Hey, we need to check that out.

Now, I am told that at the staff level, there were some internal NHTSA employees, some employees at NHTSA said, you know, before GM admitted that there was a problem, there were some NHTSA midlevel people that said we need to look at it and a decision was made within NHTSA that it wasn't at a level that was worthy of further investigation. Is that true?

Mr. Friedman. Congressman, we have a process to do exactly what you just said. We have people who are reading every single one of the more than 45,000 complaints that come in. We have a team dedicated to do that. We have a team dedicated to looking at all the early warning data that comes in. In this case, red flags were raised. Concerns were raised, and it was proposed, because of that exact process, the exact process that you're talking about that we do have, concerns were raised. And this was brought to a panel. The job of that panel is to consider all of the evidence, the initial evidence as well as more detailed look at the data, whether or not there's a clear trend, whether or not there's a -- enough information to have concern over a specific defect. The panel did that in this case. What I'm learning, what I'm seeing from all this is that we need to reconsider and look at, how do we deal with cases where there may be something that's considered a remote explanation? Should we change the way we follow up on it? Should we change the way we follow up on that with the car company? These are things that I think we're learning, lessons that --

Mr. Barton. My time is just about out. I want to make one general comment and then one final question. You know, we pointed out to the GM executive that was here that their part didn't meet their own specifications, and it didn't just almost not meet them; it didn't meet them by a long way. I mean, like a third, it was like two-thirds off. It was way below, not just a little bit, and that's not NHTSA's problem, and you're not expected to -- the NHTSA people aren't expected to know things at that level. But on the general point that Dr. Burgess was asking about, you know, when the air bag doesn't deploy when it runs into a tree at 40 or 50 miles an hour and the general response from NHTSA is that we didn't know how that particular air bag system was supposed to work, I don't think that's a very good answer. Isn't NHTSA supposed to know how the air bag systems work, and if they are not, if NHTSA doesn't know, aren't you, in your agency, supposed to find out?

Mr. Friedman. Congressman, the circumstances of these crashes were much more complicated than that. We applied expertise, we applied our understanding, we applied a process that has worked to generate over 1,299 recalls over the last decade. Are there improvements that we need to make to that process based on what we've learned today? Yes, absolutely.

Mr. Barton. Okay.

Mr. Friedman. and I'm committed to making sure that that happens, but these -- I wish these crashes were as simple as they appear to be. I wish the connection was as direct as we now know it is. At the time and with the information that we had --

Mr. Barton. Hindsight is always easier than current sight.

Mr. Friedman. As before, hindsight is 20/20, and ideally, we --

Mr. Barton. Thank you, Mr. Chairman.

Mr. Murphy. The gentleman yields back.

I'll recognize Mr. Griffith of Virginia for 5 minutes.

Mr. Griffith. Thank you very much. I appreciate it. I would ask -- I appreciate you being here today, and I would ask several questions following up, you know, on why didn't NHTSA know, and it is true that hindsight is 20/20, but it appears that some of your folks were at least sent enough warning signals.

I am looking at what I believe is tab 18, and the DAD, which is the Defects Assessment Division, and I know you know that, but not everybody watching on TV knows that, and so I want to make sure they know because I had to look it up, sent out and said in one of their emails in 2007, said, Notwithstanding GM's indications that they see no specific problem pattern, DAD perceives a pattern of nondeployments in these vehicles that does not exist in their peers and that their circumstances are such that in our engineering judgment merited a deployment and that such a deployment would have reduced injury level or saved lives.

When you combine that flag with the flag I think you mentioned earlier in your testimony that you were getting a number, if I remember correctly, was about 200-and-some complaints on this particular Cobalt vehicle, that they were stalling out in the road or the engine was cutting off, and you start adding those together along with the fact that I believe you all knew that there were at least, I think it was three where the air bag didn't deploy and the ignition was in the accessory mode, it would seem that somebody ought to start an investigation that those coincidences might have been more than coincidences. And I would ask, I know you're trying to do things better, but apparently, the person who put all this together was an investigator for a one-man law firm. He did have somebody of counsel, but basically you've got a one man law firm with an engineering investigator who figures this out. So I would say to you, you know, what can you do better and have you called on that investigator to come in and maybe train some of your folks that -- to look at some of these coincidences because when you start seeing a series of negative things happen, that might be where you ought to be looking.

Mr. Friedman. Congressman, our team was looking at this issue. The Defects Assessment Division was doing exactly their job. We have a system that is designed to raise those red flags. About half of the time, the recommendations of those Defects Assessment Division end up moving on to investigations. This -- what I see in this case is one of the things I mentioned before, which is one of the things we need to look at is, how do we make connections between remote defect possibilities?

In this case, you had one theory that was put forth, which was that the accessory -- the key being the accessory position could have caused air bag nondeployments. In the crashes that we looked at, the circumstances of those crashes led the investigators to believe that it was more -- much more likely that the air bags didn't go off because of the circumstances of that crash. I understand -- completely understand why it looks like --

Mr. Griffith. Well, but let me --

Mr. Friedman. It should have been clear, but it's clear now in part because we have that clear connection from General Motors.

Mr. Griffith. Well, but let me raise this concern. This memo indicates that there's a reliance, and I'm implying this from the wording, notwithstanding GM's indication that they see no specific pattern problem. It shows -- that statement shows a reliance on GM. Likewise, in your testimony, you state that this understanding was verified -- talking about the power loss situation -- This understanding was verified by GM service literature during our due diligence effort.

Now, if you've got a company that's got a car that is not functioning the way it is supposed to, I would like to think that with 51 employees versus that one-man law firm out of Georgia, that you would look at something other than the service literature and not necessarily that rely on GM indications that they see no specific pattern or problem pattern. So, I am concerned that there may have been too much reliance on the information from GM, including their service -- let me make sure I get the wording right -- their service literature and what they saw as problem patterns when in fact I think that you all are supposed to be finding the problem patterns.

Now, I understand it is easy, in hindsight, sitting up here to say that, but these are warning signs that go off to me as a legislator that maybe you all need to take a look at that, and you know, when you see problems, maybe the service literature of the company that you're looking at is not the best place to get your information.

Mr. Friedman. Congressman, just to be clear, we did not rely on General Motors when it came to defects, whether or not there was a defect trend. We did our own analysis of the data, and our own analysis indicated that the Cobalt did stand out. I also wonder if I haven't been clear enough relative to that service bulletin. We did not rely on that service bulletin at the time. We did not rely on that information from General Motors. We relied on our expert's understanding of air bag systems.

Mr. Griffith. But their understanding of the air bag system in the Cobalt was based on the service literature for the Cobalt, according to your written testimony. Am I not correct? Is that not what you said?

Mr. Friedman. My testimony sounds like it was not clear enough. What happened was once we found out about this defect, we looked into the service literature to confirm our understanding at the time, and the service literature that we looked at this year for that vehicle confirmed our understanding at the time, which was that --

Mr. Griffith. Your understanding at the time and the service literature were both wrong. Isn't that correct, yes or no?

Mr. Friedman. Yes, that's correct.

Mr. Griffith. Thank you.

I yield back.

Mr. Murphy. The gentleman yields back.

Now recognize Mr. Long for 5 minutes.

Mr. Long. Thank you, Mr. Chairman.

I want to thank the chairman and the ranking member and all of the members on both sides that have been here today. We originally weren't scheduled to be in this soon, and so a lot of us had to change our travel plans to get in today, and a lot of us have been sitting here through the entire both hearings today because it is a very, very important issue, of course, that we're discussing.

And thank you, Mr. Friedman, for being here with us today with your testimony. You know, when I think of NHTSA, I think of Number 66 for the Green Bay Packer's linebacker Ray Nitschke, and all day we've been talking about NHTSA, NHTSA. Tell me what NHTSA is.

Mr. Friedman. NHTSA is the National Highway Traffic Safety Administration. It's an organization of nearly 600 people, whose mission is to save lives and reduce injuries by addressing issues like drunk driving, unbelted occupants, vehicle safety, and the subject we're talking about today, which is finding vehicle defects when automakers don't find them themselves, which is their first and foremost responsibility.

Mr. Long. I just wanted to get that out there on the record. I, of course, know what it is, but I think a lot of people when they hear that NHTSA, NHTSA, NHTSA all day, they're thinking, what exactly is this? So the next question I would have would be do you have any way to track consumer complaints to auto dealers short of waiting for them to reach out to you, not the dealers, but the consumers that are having a problem? Do you have any way to track people coming in and my car stopped, it died, it did this, it did that, do you have any way to track that, or do you have to wait for someone to contact you all?

Mr. Friedman. We have early warning data which tracks the cases where warranty services are provided on vehicles

Mr. Long. So anytime a warranty service is provided, you will be notified of that?

Mr. Friedman. We're notified of a count. We have a total number -- a count of the number of those and the part that that's associated with.

Mr. Long. And how often --

Mr. Friedman. Not the reason for the complaint.

Mr. Long. Do you get that annually, semi-annually, quarterly, how often?

Mr. Friedman. Once a quarter --

Mr. Long. Once a quarter.

Mr. Friedman. -- have the information we need, it's required once a quarter.

Mr. Long. How would a -- what kind of marketing do you do? How would a consumer know -- learn about the National Highway Traffic Safety Administration? What kind of market do you do? If I took my car in, had a problem, it wouldn't pop into my head to call you, so how do you market yourself? How can we let the American public know if they do have an issue and they're not satisfied with their dealer, how can they contact you or what can we do to better augment that, I guess?

Mr. Friedman. Well, some of the things that we're already looking at doing and we're already making sure that happens is on every single recall letter that goes out, both NHTSA's name is on that letter, even though it's sent from the automaker, and it's in clear red letters that this is an important safety recall information. We also have apps that are available online that we try to make sure the consumers download. These apps allow people to lodge complaints directly to us. They allow them to track their recalls. We're also moving forward later on this year with a tool that will allow all consumers to come to our Web site, put in their VIN number to find out if there is a recall associated with their very specific vehicle that has yet to be addressed.

We have additional efforts where we try to make sure that people are aware of who NHTSA is, but yes, I have seen the same data, and one of the things I've talked to any staff about is that I'm concerned that we are not at the top of the list when people have complaints, and we've been talking about ways to make sure that we have campaigns to make people aware that if you've got a complaint, if you've got a concern, come to NHTSA. We need that information. Consumer complaint data is one of the vital tools that we have to try to find these defects, and I would appreciate any help anyone can provide to make sure that people are aware, that people go to SaferCar.gov to report these defects.

Mr. Long. Where tomorrow you're going to be able to see on there that you could take your car in and get a free loaner or a free rental, right?

Mr. Friedman. Absolutely.

Mr. Long. Very good. My last question. At what point is a consumer supposed to reach out to you?

Mr. Friedman. At any point they have a concern. I mean, you know --

Mr. Long. At what point is that, though? If I get a -- go home this evening, in the mail I get a recall on my vehicle, and they want me to bring it in and fix this switch or that doodad there or whatever, do I run to the phone or call you and say, Hey, I've got a recall? Or do I wait until I'm not satisfied with the dealer? At what point do consumers -- should consumers reach out to you?

Mr. Friedman. Well, in that case, if you get a recall letter, the first thing you should do, without a doubt, is contact your dealer and get your vehicle fixed as soon as possible. These are --

Mr. Long. Yeah, but I'm talking about contacting you. At what point do I -- if it's just a standard thing, I don't need to contact you on that?

Mr. Friedman. If it's a standard recall and you're concerned and you want to reach out to us, absolutely, but typically, when we want people to contact us is well before there's a recall. We rely on and look at over 45,000 consumer complaints every single year to try to spot these trends, so I want someone to reach out to NHTSA the instant they have a serious concern about their vehicle and they feel that their safety is at risk so that we can have that information. Right now, we've got 45,000 complaints. I'd like to see that number get up to 50,000; 60,000; 75,000 complaints relative to safety issues so that we can have more information to be able to track down these problems.

Mr. Long. Okay. Mr. Chairman, I don't have any time left, but if I did, I'd sure yield back.

Mr. Griffith. [Presiding.] Thank you.

I thank the gentleman.

The gentleman from Nebraska, Mr. Terry, 5 minutes.

Mr. Terry. Thank you, Acting Chair.

You had testified, Mr. Friedman, or in your testimony, you showed or testified that there were two SCI reports that showed indications of power loss and identified the vehicle power mode as accessory. And I think one of these has been highlighted in several newspaper articles that the SCI noted during air bag investigation a problem with the accessory.

So the question I have is, did these reports merely report the vehicle power mode as a fact, or did it report this and identify it as a potential contributing factor?

Mr. Friedman. Well, the two reports handled the case differently. My understanding and my memory is that in one of the reports, it simply had an entry in the EDR data, in the event data recorder data, that indicated that the vehicle power mode was accessory. That's typically not reported. In other case, in the other -- it was included in the special crash investigation that there were two possible reasons why the air bag did not deploy. One possible reason was because of the ignition switch. The other possible reason was because the yielding nature of the trees wasn't sufficient.

Mr. Terry. You mean, they're hard when they're hit?

Mr. Friedman. I'm sorry?

Mr. Terry. I'm being sarcastic. You said the yielding nature of the tree is kind of -- they're hard and objects hit them and --

Mr. Friedman. Well, different trees have different sizes. In this case --

Mr. Terry. Well anyway, I don't want to get bogged down into the force of the impact of a tree, but the point is that they were noted in two SCI reports but not acted upon, so what is the communication process between the SCI and the ODI? Someone has got to take that up and say, Gee, there's a problem with an ignition switch that's been noted; maybe we should follow up on that. What's the process?

RPTS BAKER

DCMN SECKMAN

[6:02 p.m.]

Mr. Friedman. So the process, it depends on the circumstance. In some cases, our Office of Defects Investigation will actually ask the special crash investigators to go out and look at a crash so that they can seek new information. In other cases, when the special crash investigators follow up on a crash, they will bring it to the attention of the Office of Defects Investigation. So we try to make sure that both teams are talking to each other and sharing critical information.

Mr. Terry. Okay. So in these two SCI reports that were filed, did the SCI, the special crash investigator, communicate that there was a problem, other than noting it in those reports on those two occasions to the ODI?

Mr. Friedman. I don't know if SCI specifically communicated the accessory issue, but when the team did look at especially the investigation that indicated that there were two possible reasons for that.

Mr. Terry. Yeah. So the ODI knew that there may have been, that the switch may have been part of the problem, let's say?

Mr. Friedman. ODI would have been aware of exactly?

Mr. Terry. So ODI was aware?

Mr. Friedman. I believe so because my understanding is that --

Mr. Terry. Because it looks like you have one group of people that's not talking to another group of people.

Mr. Friedman. Our teams do talk to each other, but as you'll notice in my testimony, one of the things I do think we need to discuss is, are there ways that we can change the way these crash investigations are used in our defective products?

But in this case, I do want to note that the draft version of this report that the team had at the time, at that moment, indicated that the crash investigators thought the more likely reason that the air bags did not go off was because of the circumstances.

Mr. Terry. I would think if you note that there was a problem with the switch automatically turning to accessory, that that would be significant enough to just follow up on, whether or not it was deemed to be a contributing factor or the sole factor. I need to ask, though, on the early warning reports, you were receiving early warning, the reports from GM. Correct?

Mr. Friedman. That's correct.

Mr. Terry. In my question to the chair -- I'm sorry, the president of GM, she said that they were submitting those. Were they required when they know or feel that there is a problem with a specific item in that car like the ignition switch, to report that? Or is that just one of the many items to be submitted within the EWR?

Mr. Friedman. Well, my understanding is that if they're aware of a problem that relates to a safety defect, that that actually is not reported within EWR. That needs to be directly reported --

Mr. Terry. Under the TREAD Act, they have to support that separately.

Mr. Friedman. Well, under the TREAD Act, they're required to report warranty claims and a variety of other pieces of information to us. But if they saw a defect, then they needed to report that to us completely separate from, you know -- that's simply --

Mr. Terry. What's noncompliance? I'm over my time, but I do need to get on the record, what is noncompliance versus defect? And you have 2 seconds.

Mr. Friedman. Sure. Really quickly, noncompliance means you did not meet the standards that we have. A safety defect means that you may have met the standards, but there's something wrong with the vehicle that poses an unreasonable risk to safety.

Mr. Griffith. I thank the gentleman.

I would ask for unanimous consent that the members' written opening statements be introduced into the record.

Without objection, the documents will be entered into the record. Hearing none.

[The information follows:]

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

Mr. Griffith. I will ask unanimous consent that the contents of the document binder be introduced into the record and to authorize staff to make appropriate redaction.

Without objection, the documents will be entered into the record with any redactions that staff determines are appropriate. Hearing no objections.

[The information follows:]

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

Mr. Griffith. In conclusion, I would like to thank all the witnesses.

Thank you, Mr. Friedman, and members that participated in today's hearing. I remind members that they have 10 business days to submit questions for the record, and I ask that the witnesses all agree to respond promptly to the questions.

Anything else? Thank you very much. This hearing is adjourned.

[Whereupon, at 6:07 p.m., the subcommittee was adjourned.]

EXHIBIT 6

Issue Number: **N172404** PDF Date Submitted 01/07/2005

DEF

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

Complaint: **vehicle can be keyed off with knee while driving**

Issue Type: **Current Prod** Vehicle/Product Line: **3Acar** Region: **GMNA**

Severity: 3 Primary Metric/Score: LaunchX / 0.025

7. Business case unacceptable

Vehicle / Product Description

Primary Project No:	Cobalt	Model Year:	2005
Other Project No(s):	05X001	Model Year Qtr:	
Vehicle/Prop. #:		Model Code:	
Marketing Division:	Chevrolet, Pontiac	Hardware Stage:	
Marketing Region(s):		(VIN) Vehicle ID #:	
Engine(s):		Transmission(s):	
Engine Serial #:		Transmission Serial #:	
Drive Type(s):		Option(s):	
Steering:		PIMREP No:	

Odometer Reading or Range in Miles from to

Part / Supplier Information

1st Level (VPPS):	2nd Level (VPPS):	3rd Level (VPPS):	4th Level (VPPS):
20 Chassis	1 Steering	4 Steering Column	

UPC:	FNA:	Part Name:	Part Number:
-	-	key cylinder	-

Supplier(s) Name:	DUNS Code(s):	Part Year:	Drawing Revision Date:
-	-	-	01/01/1900

Suspect Part(s) available?	Location of Suspect Part(s)	PIM (EPS/PAD)	EPN
○ Yes ● No			

Incident Description

Date first reported:	10/29/2004	Complaint Category:	Loose
Incident Discovered by:	Gary Altman	Discoverer's Dept:	
Discoverer's Phone:	[redacted]	Plants w/ same Problem:	

Source Level 1:	Source Level 2:	Source Level 3:
Physical Test - Field Test	Other Loc	Chassis/Powertrain

Incident Description: (Give detailed description of incident)

While driving the vehicle the drivers knee bumped the key in such a manner as to turn off the ignition

Preliminary Root Cause: (Give preliminary Root Cause if known, do not speculate!)

low key cylinder torque/effort

Potential Root Cause Champion: (Select potential Root Cause Champion.)	
Re-Assign Department : or: Name :	Potential Champion Chassis & Powertrain *** Suspension - Steering - Structures & Mounts (Warren) Gannon, Kevin G. Phone: [redacted] Fax: [redacted]

Evaluation Information (Test)			
Procedure: (Test Schedule)	% Complete (Test Schedule):	Driving Conditions:	Environmental Conditions:
Odometer:	Vehicle Test:	Part Durability:	Part Test:

Containment
Plant Information
Description of Plant Containment:

Plant:	VIN:	Breakpoint Date:	Contact Person:	Tel. No:

Field Information
Description of Field Containment:

Breakpoint Date:	Contact Person:	Tel. No:

Involved Components	
Component:	Plant:

Originator Information			
Document Originator:	ALAN G STORCK/US/GM/GMC		11/19/2004 11:42:31 AM
Location:	Milford Proving Ground Building 104	Phone:	[redacted]
Dept.:	GM *** GMNA *** Engineering *** Vehicle Integration *** Vehicle Performance *** Vehicle Dynamics & Control Systems *** Vehicle Dynamics Ride & Handling Small & Midsize Cars		

Document Information		
Last Modified by	Dennis L. Korinek/US/GM/GMC	03/01/2005 08:00:31 AM
History	Dennis L. Korinek/US/GM/GMC - 03/01/2005 07:00:31 AM Blendi Sullaj/US/GM/GMC - 02/04/2005 10:14:21 AM Blendi Sullaj/US/GM/GMC - 02/04/2005 10:03:55 AM Blendi Sullaj/US/GM/GMC - 02/04/2005 09:02:33 AM Blendi Sullaj/US/GM/GMC - 02/01/2005 02:00:56 PM Scott Sherman/US/GM/GMC - 01/12/2005 02:26:25 PM Scott Sherman/US/GM/GMC - 01/10/2005 09:02:07 AM Kevin G. Gannon/US/GM/GMC - 01/10/2005 07:53:38 AM Nancy Burder/US/GM/GMC - 01/07/2005 11:32:14 AM Nancy Burder/US/GM/GMC - 01/07/2005 11:32:05 AM	

Complaint:	vehicle can be keyed off with knee while driving

Vehicle Line:	Prioritization Ranking by:	Priority Val.:	Bypass:	Link:
3Acar	**LaunchX**	**0.025**	**n**	

Other Vehicle/Product Line(s) involved:

Assessment of Customer Satisfaction Impact						
Customer Survey:		Customer Survey Category:		Customer Survey:	Customer Survey Category:	
Marketing Division / Vehicle Line	PPH	MY	Wave	PPH	MY	Wave
3A Total						
Not Applicable.						
Not Applicable..						
Not Applicable...						
Not Applicable....						
Not Applicable.....						
Not Applicable......						
Not Applicable.......						
Not Applicable........						
Not Applicable.........						
Not Applicable..........						
Powertrain 1						
Powertrain 2						
Powertrain 3						
Powertrain 4						
Report Date:			Customer Survey Specialist:			
Customer Survey Comments:						

Assessment of impact on warranty			
Sales Region:		Currency:	$US

Labor Codes:	
Primary:	
2nd Labor Code:	
3rd Labor Code:	
4th Labor Code:	
5th Labor Code:	

		Months in service						
Measure	Marketing Division / Vehicle Line	0	2	6	12	24	36	Model Year
IPTV	3A Total	0	0	0	0	0	0	
IPTV	Not Applicable.	0	0	0	0	0	0	
IPTV	Not Applicable..	0	0	0	0	0	0	
IPTV	Not Applicable...	0	0	0	0	0	0	

IPTV	Not Applicable....	0	0	0	0	0	0	
IPTV	Not Applicable.....	0	0	0	0	0	0	
IPTV	Not Applicable......	0	0	0	0	0	0	
IPTV	Not Applicable.......	0	0	0	0	0	0	
IPTV	Not Applicable........	0	0	0	0	0	0	
IPTV	Not Applicable.........	0	0	0	0	0	0	
IPTV	Not Applicable..........	0	0	0	0	0	0	
IPTV	Powertrain 1	0	0	0	0	0	0	
IPTV	Powertrain 2	0	0	0	0	0	0	
IPTV	Powertrain 3	0	0	0	0	0	0	
IPTV	Powertrain 4	0	0	0	0	0	0	
Cost / Vehicle	3A Total	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable...	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..........	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 1	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 2	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 3	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 4	0	0	0	0	0	0	

Solution Effectiveness (%):	
Report Date:	Warranty Specialist:
Warranty Comments:	

Assessment of internal measurements					
Plant	% Direct Run Improvement (< 100)	GCA Value	GM Rating	Ergonomics	Productivity

Report Date:	
Owner of Information:	

Assessment of Aftersales Impact		
FPR No.:		
Metric:	**No of Cases:**	**Comments:**
TAC:		
CAC:		
Buybacks:		
FPR:		

Cost Reduction			
Type of Cost Reduction:		Tracking Number:	

Marketing Division / Vehicle Line	Amount of Reduction ($US):
3A Total	0
Not Applicable.	0
Not Applicable..	0
Not Applicable...	0
Not Applicable....	0
Not Applicable.....	0
Not Applicable......	0
Not Applicable.......	0
Not Applicable........	0
Not Applicable.........	0
Not Applicable..........	0
Powertrain 1	0
Powertrain 2	0
Powertrain 3	0
Powertrain 4	0
Report Date:	
Cost Reduction Comments:	

Risk Assessment Number / FMEA			
Marketing Division / Vehicle Line	**FMEA Severity:**	**FMEA Occurrence:**	**FMEA Detection:**
3A Total			
Not Applicable.			
Not Applicable..			
Not Applicable...			
Not Applicable....			
Not Applicable.....			
Not Applicable......			
Not Applicable.......			
Not Applicable........			
Not Applicable.........			
Not Applicable..........			
Powertrain 1			
Powertrain 2			
Powertrain 3			
Powertrain 4			

Regional Information

Description	Value	Description	Value
Physical Test		Issue Resolution Team Approval Date	
GMM ICE PPH		4	
5		CTF Repeat Occurrences	
ZDW Plant&Value		8	
Direct Run Loss		PDT	
Highlight Number		12	
13		Build Sequence	
15		16	
Sequence Number		18	
Local		Feedback Owner	

Document Information

Document created by:	Nancy Burder/US/GM/GMC	01/07/2005 11:31:15 AM
Last Modified by		

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

RC

Complaint: **vehicle can be keyed off with knee while driving**

Assign Root Cause Champion

Department:	Champion:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering	Sherman, Scott - Phone: [redacted] Fax: [redacted]

Nomination Comments:

Champion History:

Assign Root Cause Champion Designee

Department:	Champion:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering	Sullaj, Blendi - Phone: [redacted]

Champion Designee History:

Assign Root Cause External Designee

Assignment Date:	Department : Name :	External Designee:

External Designee History:

Root Cause Analysis

Target Date:	Actual Date:	Actual date reported by champion:
02/06/2005	02/04/2005	

☒ Description of Root Cause Investigation Progress and Verification:

Author: Blendi Sullaj/US/GM/GMC on 01-Feb-2005 14:00

There are two main reasons that we believe can cause a lower effort in turning the key:

1. A low torque detent in the ignition switch
2. A low position of the lock module in the column.

Looking at the first reason, one would immediately think that changing/increasing the ignition switch torque effort would be a good solution. After talking to Ray DeGiorgio, I found out that it is close to impossible to modify the present ignition switch. The switch itself is very fragile and doing any further changes will lead to mechanical and /or electrical problems.

There are two other ways we can approach towards possible solutions:

a. Modifying/adding detent to lock module cam shaft
b. Adding detent to the lock cylinder-lock housing interface at RUN position (Similar to T257).

We discussed with our supplier regarding a possible torque increase from the cam shaft. Even though this is possible, it involves changes in tooling for almost all components that constitute the lock housing.

It seems that adding a detent to the key cylinder-lock housing interface at RUN position will be the most viable solution.

Problem Solving Methodology:
Document the Solving Process seen as appropriate

Other Statistical Methods

Potential Solution Champion / Department:

Department: or Name:	Potential Champion: Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering Sherman, Scott Phone: [redacted] Fax: [redacted]

Problem mainly caused by:	Field Remedy Requested?
Engineering	No

Root Cause Summary:

The low key effort from RUN to ACC seems to occur because of a combination of two main reasons:

1. Not enough detent in the ignition switch
2. The lock module is a low mounted one.

The possibility of adding a detent in the lock cylinder to lock housing interface is being investigated.

Document Information		
Document created by:	Nancy Burder/US/GM/GMC	01/07/2005 11:31:15 AM
Last Modified by:	Blendi Sullaj/US/GM/GMC	02/04/2005 10:14:21 AM

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

SOL

Complaint: **vehicle can be keyed off with knee while driving**

Assign Solution Champion

Department:	Champion:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering	Sherman, Scott - Phone: [redacted] Fax: [redacted]

Nomination Comments:

Champion History:

Assign Solution Champion Designee

Department:	Champion:
Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering	Sullaj, Blendi - Phone: [redacted]

Champion Designee History:

Assign Solution External Designee

Assignment Date:	Department: Name:	Champion Designee:

External Designee History:

Develop Solution / Make Decision on Solution

Target Date:	Actual Date:	Actual date reported by champion:
03/06/2005	03/09/2005	

Description of Solution Investigation Progress and Verification:

Author: Blendi Sullaj/US/GM/GMC on 01-Mar-2005 16:07

Several possible solutions were presented to CPIT on 02/18/2005 See the folloing file for a better understanding of the solutions presented.

GMX001 Lock Module Detent in RUN 20050216.ppt

We were advised to look at the key slot change as a containment. This is in order to reduce the lever arm and as a result the pulling load.

We discussed the above solutions with Ray DeGiorgio (ignition switch DE) and Dave Trush (Lead Engineer, Closures)
on 02/28/2005. After a thorough discussion, the following file was generated:

VAPIR GMX001 Lock Module Detent in RUN 20050301.ppt

This file was presented in VAPIR on 01/03/2005. The advised was the same as CPIT; to look into the key slot change

as a containment (i.e., look into pricing and timing for the change).

Next step is to provide the required information (key slot change) to CPIT on 03/04/2005

Cost estimate to modify vehicle key for Cobalt

Cost estimate to change the vehicle key for the Cobalt only
per David Trush 3/04/05

Author: Blendi Sullaj/US/GM/GMC on 09-Mar-2005 9:36

Per GMX001 PEM's directive we are closing this PRTS with no action. The main reasons are as following:
1.All possible solutions were presented in CPIT and VAPIR:

a. The lead-time for all the solutions is too long.
b. The tooling cost and piece price are too high.
c. None of the solutions seems to fully countermeasure the possibility of the key being turned (ignition turn off) during driving.

Thus none of the solutions represents an acceptable business case.
03/09/2005 - Blendi Sullaj

Aftersales Field Fix:	N/A

EWO			
EWO #:	Approval / Release Date (i.e. CAB, etc):	Validation Part Availability Date:	TID (Target Implementation Date) of EWO:
EWO Comment:			

EWO Part Actions			
New Part Number Required? ◯ Yes ◯ No	New Part Number		
Stock Disposition Domestic	Stock Disposition Export	Service Disposition (Retailer)	Service Interchange
Exchange Aftersales Warehouse Parts according to Engineering/VLDM decision?			
Department: or Name:	Potential Champion: Suspension - Steering - Structures & Mounts (Warren) *** Frame-Body Integral Steering Sherman, Scott Phone: [redacted] Fax: [redacted]		

Summary
Solution Type
Solution Summary:
Per GMX001 PEM's directive we are closing this PRTS with no action. The main reasons are as following: 1.All possible solutions were presented in CPIT and VAPIR: a.The lead-time for all the solutions is too long. b.The tooling cost and piece price are too high. c. None of the solutions seems to fully countermeasure the possibility of the key being turned (ignition turn off) during driving. Thus none of the solutions represents an acceptable business case.

Document Information

Document created by:	Blendi Sullaj/US/GM/GMC	02/04/2005 10:14:08 AM
Last Modified by:	Blendi Sullaj/US/GM/GMC	03/09/2005 09:36:27 AM

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

Complaint: **vehicle can be keyed off with knee while driving**

IMP

Assign Implementation Champion

Department: Champion:

Assign Implementation Champion Designee

Department: Champion:

Assign Implementation Champion Designee

Company: External Designee:

Implement Solution

Target Date: Actual Date: Actual date reported by champion:

Description of Implementation:

Breakpoint(s)

Plant:	Date:	VIN / Val Vehicle #:

Breakpoint(s) Involved Components

Plant*Component / Supplier*Part:	Serial - No:	Date Breakpoint:

Component/Part:	Plant / Supplier:	Serial - No:	Breakpoint:

Department :
or
Name :

Potential Champion:

Service Bulletin

Service Bulletin Requested:	Service Bulletin #:	Bulletin Release Date:	Applicable Region/Country:
Service Bulletin Name/Desc.:			

Summary

Implementation Summary:

Document Information

Document created by:

Last Modified by:

Issue Number: **N172404**

Part - Location: **Ignition Key Cylinder Assembly -Column - Steering**

Complaint: **vehicle can be keyed off with knee while driving**

FB

Assign Feedback Champion

Department:	Champion:

Assign Feedback Champion Designee

Department:	Champion:

Assign Feedback External Designee

Company:	External Designee:

Feedback

Target Date:	Actual Date:	Actual date reported by champion:

Did the Solution fix the problem?

◯ Yes ◯ No

Copy of the data analysis to support the above conclusion:

Feedback Summary:

Document Information

Document created by:

Last Modified by:

Issue Number:	**N172404**	**Field Remedy**
Part - Location:	Ignition Key Cylinder Assembly -Column - Steering	
Complaint:	vehicle can be keyed off with knee while driving	

Assign Field Remedy Champion

Department:	Champion:

Field Remedy

Field Remedy Comment:

Last Break Point

Date	VIN / Part Number	Measure

Document Information

Document created by:

Last Modified by

Issue Number:	**N172404**
Part - Location:	**Ignition Key Cylinder Assembly -Column - Steering**
Complaint:	**vehicle can be keyed off with knee while driving**

LL

Solution for new Design / Project

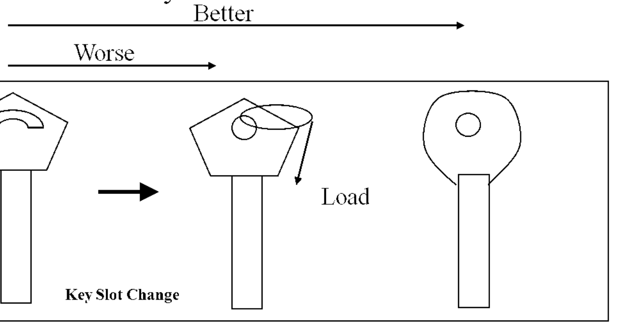
Shall a Lessons Learned Request be sent?	○ Yes ○ No
Step when issue was flagged as Lessons Learned:	
Flagged by:	
Standard Work Element:	
Lesson Learned Number:	
Has the issue been entered in the Lessons Learned database?	○ Yes ● No

Document Information	
Document created by:	
Last Modified by	

GMX001 Lock Module Detent in RUN

Containment Solution

➢ Changing slot in the key in order to reduce lever arm and thus the torque:



✓It was determined that the lever arm is still present due to fob ring. This may even cause a higher pulling load if fob ring is wedged between the slot and the sharp corner of key.

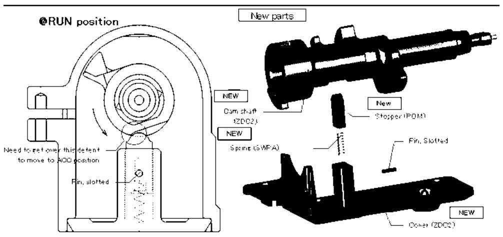
✓Can be considered as a containment if the shape of key is changed to round corners

1

GMX001 Lock Module Detent in RUN

Partial Solution Design Concept

➢ Detent between lock cover and cam shaft:



✓ Partial solution based on engineering judgment. No experimental verification that detent is sufficient.

✓If chosen, will drive changes and tuning efforts in ignition switch in order to avoid double detent feel.

✓Design has to become common between Delta, Theta and Kappa

✓ Can be combined with the new ignition switch presently sourced for GMT191/2/3 for better detent

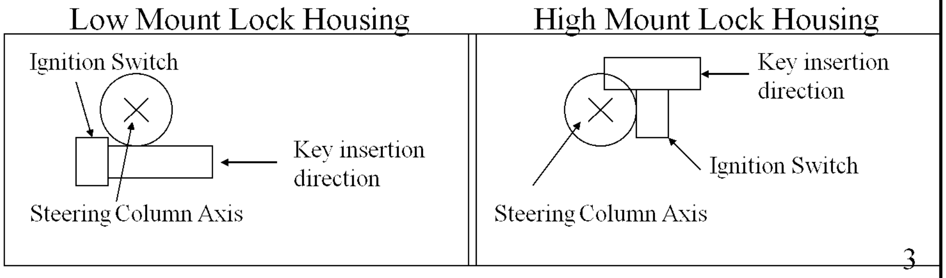
2

GMHEC000001740

GMX001 Lock Module Detent in RUN

Sure Solution Description

- Change from a low mount to a high mount lock module.
  - ✓ It will considerably reduce the possibility of the key/key fob being pulled by driver
  - ✓ Can be combined with gear driven ignition switch design (Additive internal friction → more detent)



3

EXHIBIT 7

Issue Number:	**N182276**	PDF Date Submitted	05/24/2005		DEF
Part - Location:	**Ignition Cylinder -Ignition Lock Module**				
Complaint:	**Ignition cylinder effort to low, allows vehicle to shut off while driving.**				
Issue Type:	**Current Prod**	Vehicle/Product Line:	**3Acar**	Region:	**GMNA**
Severity:	3	Primary Metric/Score:	IPTV36 / 3.72		

7. Business case unacceptable

Vehicle / Product Description

Primary Project No:	Cobalt	Model Year:	2005
Other Project No(s):		Model Year Qtr:	
Vehicle/Prop. #:		Model Code:	
Marketing Division:	Chevrolet	Hardware Stage:	
Marketing Region(s):		(VIN) Vehicle ID #:	1G1AL52F2575350 56
Engine(s):		Transmission(s):	
Engine Serial #:		Transmission Serial #:	
Drive Type(s):		Option(s):	
Steering:	LHD	PIMREP No:	

Odometer Reading or Range in (Miles) from to

Part / Supplier Information

1st Level (VPPS):	2nd Level (VPPS):	3rd Level (VPPS):	4th Level (VPPS):
20 Chassis	1 Steering	4 Steering Column	1 Jacket

UPC:	FNA:	Part Name:	Part Number:
-	-	Ignition Switch	-

Supplier(s) Name:	DUNS Code(s):	Part Year:	Drawing Revision Date:
-	-	-	01/01/1900

Suspect Part(s) available?	Location of Suspect Part(s)	PIM (EPS/PAD)	EPN
○ Yes ● No			

Incident Description

Date first reported:	10/29/2004	Complaint Category:	Incorrect Operation
Incident Discovered by:	Steve Oakley	Discoverer's Dept:	Product Problem Resolution
Discoverer's Phone:	[redacted]	Plants w/ same Problem:	

Source Level 1:	Source Level 2:	Source Level 3:

Incident Description: (Give detailed description of incident)

Customer concern that the vehicle ignition will turn off while driving. This issue was also addressed in PRTS

N172404, which was closed as business case unacceptable. Due to the level of buyback activity that is developing in the field, Brand Quality requests the issue be reopened.

Preliminary Root Cause: (Give preliminary Root Cause if known, do not speculate!)

Unknown

Potential Root Cause Champion: (Select potential Root Cause Champion.)	
Re-Assign	Potential Champion
Department :	Chassis & Powertrain *** Suspension - Steering - Structures & Mounts (Warren)
or:	
Name :	Gannon, Kevin G. Phone: [redacted] Fax: [redacted]

Evaluation Information (Test)

Procedure: (Test Schedule)	% Complete (Test Schedule):	Driving Conditions:	Environmental Conditions:
Odometer:	Vehicle Test:	Part Durability:	Part Test:

Containment

Plant Information

Description of Plant Containment:

Plant:	VIN:	Breakpoint Date:	Contact Person:	Tel. No:

Field Information

Description of Field Containment:

Breakpoint Date:	Contact Person:	Tel. No:

Involved Components

Component:	Plant:

Originator Information

Document Originator:	Steven Oakley/US/GM/GMC	05/17/2005 12:37:25 AM	
Location:		Phone:	[redacted]
Dept.:	GM *** GMNA *** VSSM *** Service and Parts Operations *** Service Operations *** Product Problem Resolution *** Brand Quality Cars		

Document Information

Last Modified by	BRAD I COOK/US/GM/GMC	05/24/2005 08:29:29 PM
History	BRAD I COOK/US/GM/GMC - 05/24/2005 06:29:29 AM BRAD I COOK/US/GM/GMC - 05/24/2005 06:29:27 AM BRAD I COOK/US/GM/GMC - 05/23/2005 08:59:08 AM Steven Oakley/US/GM/GMC - 05/16/2005 01:17:33 PM Steven Oakley/US/GM/GMC - 05/16/2005 11:51:38 AM Steven Oakley/US/GM/GMC - 05/16/2005 10:47:50 AM	

Issue Number: **N182276**

Impact

Part - Location:	Ignition Cylinder -Ignition Lock Module
Complaint:	Ignition cylinder effort to low , allows vehicle to shut off while driving .

Vehicle Line:	Prioritization Ranking by:	Priority Val.:	Bypass:	Link:
3Acar	**IPTV36**	**3.72**	**n**	

Other Vehicle/Product Line(s) involved:

Assessment of Customer Satisfaction Impact

Customer Survey:		Customer Survey Category:	Customer Survey:		Customer Survey Category:

Marketing Division / Vehicle Line	PPH	MY	Wave	PPH	MY	Wave
3A Total						
Not Applicable.						
Not Applicable..						
Not Applicable...						
Not Applicable....						
Not Applicable.....						
Not Applicable......						
Not Applicable.......						
Not Applicable........						
Not Applicable.........						
Not Applicable..........						
Powertrain 1						
Powertrain 2						
Powertrain 3						
Powertrain 4						

Report Date:	Customer Survey Specialist:
Customer Survey Comments:	

Assessment of impact on warranty

Sales Region:		Currency:	$US

Labor Codes:

Primary:	N9995
2nd Labor Code:	
3rd Labor Code:	
4th Labor Code:	
5th Labor Code:	

		Months in service						
Measure	Marketing Division / Vehicle Line	0	2	6	12	24	36	Model Year
IPTV	3A Total	0	1.4	0	8.3	0	12.4	

IPTV	Not Applicable.	0	0	0	0	0	0	
IPTV	Not Applicable..	0	0	0	0	0	0	
IPTV	Not Applicable...	0	0	0	0	0	0	
IPTV	Not Applicable....	0	0	0	0	0	0	
IPTV	Not Applicable.....	0	0	0	0	0	0	
IPTV	Not Applicable......	0	0	0	0	0	0	
IPTV	Not Applicable.......	0	0	0	0	0	0	
IPTV	Not Applicable........	0	0	0	0	0	0	
IPTV	Not Applicable.........	0	0	0	0	0	0	
IPTV	Not Applicable..........	0	0	0	0	0	0	
IPTV	Powertrain 1	0	0	0	0	0	0	
IPTV	Powertrain 2	0	0	0	0	0	0	
IPTV	Powertrain 3	0	0	0	0	0	0	
IPTV	Powertrain 4	0	0	0	0	0	0	
Cost / Vehicle	3A Total	0.005	0.03	0	0.18	0	0.27	
Cost / Vehicle	Not Applicable.	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable...	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.....	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.......	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable.........	0	0	0	0	0	0	
Cost / Vehicle	Not Applicable..........	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 1	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 2	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 3	0	0	0	0	0	0	
Cost / Vehicle	Powertrain 4	0	0	0	0	0	0	

Solution Effectiveness (%):	
Report Date:	Warranty Specialist:
Warranty Comments:	

Please enter N9995 as the primary labor code.
Warranty Impact

	Zero Day CPV	2 mis IPTV	2 mis CPV	12 mis IPTV	12 mis CPV	36 mis IPTV	36 mis CPV
3A Total	$0.005	1.4	$0.03	8.3	$0.18	12.4	$0.27

Assessment of internal measurements					
Plant	% Direct Run Improvement (< 100)	GCA Value	GM Rating	Ergonomics	Productivity
Report Date:					
Owner of Information:					

Assessment of Aftersales Impact		
FPR No.:	1462/2005/US	
Metric:	**No of Cases:**	**Comments:**
TAC:		
CAC:		
Buybacks:		
FPR:	1	

Cost Reduction			
Type of Cost Reduction:		Tracking Number:	

Marketing Division / Vehicle Line	Amount of Reduction ($US):
3A Total	0
Not Applicable.	0
Not Applicable..	0
Not Applicable...	0
Not Applicable....	0
Not Applicable.....	0
Not Applicable......	0
Not Applicable.......	0
Not Applicable........	0
Not Applicable.........	0
Not Applicable..........	0
Powertrain 1	0
Powertrain 2	0
Powertrain 3	0
Powertrain 4	0
Report Date:	
Cost Reduction Comments:	

Risk Assessment Number / FMEA			
Marketing Division / Vehicle Line	**FMEA Severity:**	**FMEA Occurrence:**	**FMEA Detection:**
3A Total			
Not Applicable.			
Not Applicable..			
Not Applicable...			
Not Applicable....			

Not Applicable.....			
Not Applicable......			
Not Applicable.......			
Not Applicable........			
Not Applicable.........			
Not Applicable..........			
Powertrain 1			
Powertrain 2			
Powertrain 3			
Powertrain 4			

Regional Information

Description	Value	Description	Value
Physical Test		Issue Resolution Team Approval Date	
GMM ICE PPH		4	
5		CTF Repeat Occurrences	
ZDW Plant&Value		8	
Direct Run Loss		PDT	
Highlight Number		12	
13		Build Sequence	
15		16	
Sequence Number		18	
Local		Feedback Owner	

Document Information

Document created by:	BRAD I COOK/US/GM/GMC	05/24/2005 08:29:22 PM
Last Modified by		

Issue Number: **N182276**

Part - Location: **Ignition Cylinder -Ignition Lock Module**

RC

Complaint: **Ignition cylinder effort to low , allows vehicle to shut off while driving .**

Assign Root Cause Champion

Department:	Champion:
Body Component *** Latching Systems	Fannon, Joseph - Phone: [redacted] Fax: [redacted]

Nomination Comments: Craig St. Pierre Champion Designee.

Champion History:

Assign Root Cause Champion Designee

Department:	Champion:
Body Component *** Latching Systems	St Pierre, Craig - Phone: [redacted] Fax: [redacted]

Champion Designee History:

Assign Root Cause External Designee

Assignment Date:	Department : Name :	External Designee:

External Designee History:

Root Cause Analysis

Target Date:	Actual Date:	Actual date reported by champion:
06/23/2005	09/13/2005	

Description of Root Cause Investigation Progress and Verification:

Author: Joseph R. MansonII/US/GM/GMC on 18-Aug-2005 10:13

Per Al Manzor's comments, this item has been closed without action. Code 19-part met requirements.

Author: Joseph R. MansonII/US/GM/GMC on 18-Aug-2005 10:23

Correction to previous, solution (smaller key ring) is scheduled to be implemented and will be monitored through feedback process. Additional solution set(s) were rejected previously due to unacceptable business case. Brad, please move this PRTS to closed status.

Author: Craig St Pierre/US/GM/GMC on 13-Sep-2005 9:36

Detent efforts on ignition switch are too low allowing key to be cycled to off position inadvertently.

Changes to key can be made to reduce the moment which can be applied to key by key ring/keys. This will assist in limiting the issue but will not completely eliminate it. Changes to switch will not be forthcoming from electrical group until MY07.

Problem Solving Methodology:
Document the Solving Process seen as appropriate

Other Statistical Methods

Potential Solution Champion / Department:

Department: or Name:	Potential Champion: Body Component *** Latching Systems Fannon, Joseph Phone: [redacted] Fax: [redacted]

Problem mainly caused by:	Field Remedy Requested?
Engineering	No

Root Cause Summary:

Changes will be made to key to help limit the issue.

Document Information		
Document created by:	BRAD I COOK/US/GM/GMC	05/24/2005 08:29:22 PM
Last Modified by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:36:18 PM

Issue Number: **N182276**

Part - Location: **Ignition Cylinder -Ignition Lock Module**

Complaint: **Ignition cylinder effort to low , allows vehicle to shut off while driving .**

SOL

Assign Solution Champion

Department:	Champion:
Body Component *** Latching Systems	Fannon, Joseph - Phone: [redacted] Fax: [redacted]

Nomination Comments:

Champion History:

Assign Solution Champion Designee

Department: Body Component *** Latching Systems	Champion: St Pierre, Craig - Phone: [redacted] Fax: [redacted]

Champion Designee History:

Assign Solution External Designee

Assignment Date:	Department: Name:	Champion Designee:

External Designee History:

Develop Solution / Make Decision on Solution

Target Date:	Actual Date:	Actual date reported by champion:
10/13/2005	09/13/2005	

☒ Description of Solution Investigation Progress and Verification:

Author: Craig St Pierre/US/GM/GMC on 13-Sep-2005 9:43

Slot in key head to be modifed to a hole. A smaller key ring (13mm dia) will also be used to assist in limiting the problem.

Aftersales Field Fix:	N/A

EWO			
EWO #:	Approval / Release Date (i.e. CAB, etc):	Validation Part Availability Date:	TID (Target Implementation Date) of EWO:
CAHTZ	06/27/2005	09/30/2005	10/17/2005
EWO Comment:			

EWO Part Actions			
New Part Number Required? ● Yes ○ No	New Part Number 15839371		
Stock Disposition Domestic	Stock Disposition Export	Service Disposition (Retailer)	Service Interchange
Use all Stock	N/A	Use Elsewhere	Only New for Old
Exchange Aftersales Warehouse Parts according to Engineering/VLDM decision?			
Department: or Name:	Potential Champion: Body Component *** Latching Systems Fannon, Joseph Phone: [redacted] Fax: [redacted]		

Summary
Solution Type

2. Design change without new requirement / specification

Solution Summary:

Key ring slot in key changed to hole and use of a 13mm key ring.

Document Information

Document created by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:36:13 PM
Last Modified by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:43:20 PM

Issue Number:	**N182276**
Part - Location:	**Ignition Cylinder -Ignition Lock Module**
Complaint:	**Ignition cylinder effort to low , allows vehicle to shut off while driving .**

IMP

Assign Implementation Champion

Department:	Champion:
Body Hardware Components *** Door Hardware	Kepczynski, David B. - Phone:[redacted]

Assign Implementation Champion Designee

Department:	Champion:
Body Component *** Latching Systems	St Pierre, Craig - Phone:[redacted] Fax:[redacted]

Assign Implementation Champion Designee

Company:	External Designee:

Implement Solution

Target Date:	Actual Date:	Actual date reported by champion:
10/13/2005	09/07/2006	

Description of Implementation:

Author: Craig St Pierre/US/GM/GMC on 06-Mar-2006 11:34

Cancelled - business case not supported.

Author: David B. Kepczynski/US/GM/GMC on 07-Sep-2006 18:54

----- Forwarded by David B. Kepczynski/US/GM/GMC on 09/07/2006 06:49 PM -----

Craig St Pierre/US/GM/GMC
09/07/2006 11:59 AM

To David B. Kepczynski/US/GM/GMC[redacted]
cc Ralph P Madison/US/GM/GMC[redacted] BRAD I COOK/US/GM/GMC[redacted] David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted]
Subject Re: N182276 Ignition Cylinder -Ignition Lock Module

David,

The EWO cadence is ok.

Ralph can we get this closed for David today?

Craig

-----David B. Kepczynski/US/GM/GMC wrote: -----

To: Ralph P Madison/US/GM/GMC[redacted]
From: David B. Kepczynski/US/GM/GMC
Date: 09/07/2006 07:01AM
cc: BRAD I COOK/US/GM/GMC[redacted] David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted] Craig St

Pierre/US/GM/GMC[redacted]
Subject: Re: N182276 Ignition Cylinder -Ignition Lock Module

Craig St Pierre > Please confirm the WO cadence, below, and that we are back to the appropriate part level. NO TWO's or mixed part release.

Ralph > My recommendation is to close, business case not accepted by program team.

Let me know if we can do this today - and it will be off the agenda for tomorrow's CPIT.

thks.
David K.
Ralph P Madison/US/GM/GMC

Ralph P Madison/US/GM/GMC
09/06/2006 01:20 PM

To David B. Kepczynski/US/GM/GMC[redacted]

cc BRAD I COOK/US/GM/GMC[redacted] David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted]

Subject Re: N182276 Ignition Cylinder -Ignition Lock Module

Progression of work orders... which looks like ending up being reversals to old p/n?

Work order CAHTZ, with CCTVP 07SOP & 550144 (now cancelled), changed to CAHTZC changed to CCTVPA.

I may have the wrong order. However, it looks like after all is said and done, reverts back to old p/n.

If correct, then should be closed w/o action... business case.

Ralph
Phone: [redacted]
David B. Kepczynski/US/GM/GMC

David B. Kepczynski/US/GM/GMC
09/06/2006 12:05 PM

To Ralph P Madison/US/GM/GMC[redacted] BRAD I COOK/US/GM/GMC[redacted]

cc David M. Trush/US/GM/GMC[redacted] Khris Lee/US/GM/GMC[redacted]

Subject N182276 Ignition Cylinder -Ignition Lock Module

Ralph/Brad -

I see that this issue is on this Friday's CPIT.

A service fix is already available and in the field.

Craig StPierre/David Trush had a WO to implement into production, but the program team cancelled - business case not acceptable.

The WO was cancelled back in March of 2006 - and the PRTS was updated at that time.

I just spoke to Joe Manson - and we believe the PRTS should have been closed.

What is the next step?

I believe the discussing this in CPIT will only further confuse matters.

Can we close today?

David K.

Breakpoint(s)		
Plant:	Date:	VIN / Val Vehicle #:

Breakpoint(s) Involved Components			
Plant*Component / Supplier*Part:		Serial - No:	Date Breakpoint:
Component/Part:	Plant / Supplier:	Serial - No:	Breakpoint:
Department : or Name :	Potential Champion:		

Service Bulletin			
Service Bulletin Requested:	Service Bulletin #:	Bulletin Release Date:	Applicable Region/Country:
Service Bulletin Name/Desc.:			

Summary
Implementation Summary:

Document Information		
Document created by:	Craig St Pierre/US/GM/GMC	09/13/2005 11:43:14 PM
Last Modified by:	David B. Kepczynski/US/GM/GMC	09/08/2006 08:54:58 AM

Issue Number:	**N182276**
Part - Location:	**Ignition Cylinder -Ignition Lock Module**
Complaint:	**Ignition cylinder effort to low , allows vehicle to shut off while driving .**

FB

Assign Feedback Champion

Department:	Champion:

Assign Feedback Champion Designee

Department:	Champion:

Assign Feedback External Designee

Company:	External Designee:

Feedback

Target Date:	Actual Date:	Actual date reported by champion:

Did the Solution fix the problem?

○ Yes ○ No

Copy of the data analysis to support the above conclusion:

Feedback Summary:

Document Information
Document created by:
Last Modified by:

Issue Number: **N182276**

Part - Location: **Ignition Cylinder -Ignition Lock Module**

Field Remedy

Complaint: **Ignition cylinder effort to low , allows vehicle to shut off while driving .**

Assign Field Remedy Champion

Department:	Champion:

Field Remedy

Field Remedy Comment:

Last Break Point		
Date	VIN / Part Number	Measure

Document Information	
Document created by:	
Last Modified by	

Issue Number:	**N182276**	LL
Part - Location:	**Ignition Cylinder -Ignition Lock Module**	
Complaint:	**Ignition cylinder effort to low , allows vehicle to shut off while driving .**	

Solution for new Design / Project

Shall a Lessons Learned Request be sent?	◯ Yes ◯ No
Step when issue was flagged as Lessons Learned:	
Flagged by:	
Standard Work Element:	
Lesson Learned Number:	
Has the issue been entered in the Lessons Learned database?	◯ Yes ● No

Document Information	
Document created by:	
Last Modified by	

EXHIBIT 8

Service Bulletin

File In Section: 02 - Steering

Bulletin No.: 05-02-35-007

Date: December, 2005

CHEVROLET PONTIAC SATURN.

INFORMATION

Subject: **Information on Inadvertent Turning of Key Cylinder, Loss of Electrical System and No DTCs**

Models: **2005-2006 Chevrolet Cobalt**
2006 Chevrolet HHR
2005-2006 Pontiac Pursuit (Canada Only)
2006 Pontiac Solstice
2003-2006 Saturn ION

There is potential for the driver to inadvertently turn off the ignition due to low ignition key cylinder torque/effort.

The concern is more likely to occur if the driver is short and has a large and/or heavy key chain. In these cases, this condition was documented and the driver's knee would contact the key chain while the vehicle was turning and the steering column was adjusted all the way down. This is more likely to happen to a person who is short, as they will have the seat positioned closer to the steering column.

In cases that fit this profile, question the customer thoroughly to determine if this may the cause. The customer should be advised of this potential and should take steps to prevent it – such as removing unessential items from their key chain.

Engineering has come up with an insert for the key ring so that it goes from a "slot" design to a hole design. As a result, the key ring cannot move up and down in the slot any longer – it can only rotate on the hole. In addition, the previous key ring has been replaced with a smaller, 13 mm design. This will result in the keys not hanging as low as in the past.

Parts Information

Part Number	Description
15842334	Cover, Dr Lk & Ign Lk Key

GM bulletins are intended for use by professional technicians, NOT a "do-it-yourselfer". They are written to inform these technicians of conditions that may occur on some vehicles, or to provide information that could assist in the proper service of a vehicle. Properly trained technicians have the equipment, tools, safety instructions, and know-how to do a job properly and safely. If a condition is described, DO NOT assume that the bulletin applies to your vehicle, or that your vehicle will have that condition. See your GM dealer for information on whether your vehicle may benefit from the information.

WE SUPPORT VOLUNTARY TECHNICIAN CERTIFICATION

EXHIBIT 9

EX-99.1 2 ex-9910317204pr.htm EXHIBIT - PRESS RELEASE

GM News

For Immediate Release: Monday, March 17, 2014

GM Redoubles Safety Efforts, Announces New Recalls

- **2009-2014 Chevrolet Express and GMC Savana to get reworked instrument panel material to meet compliance for unbelted passengers**
- **2013 and some 2014 Cadillac XTS models to be repaired to prevent possible brake booster corrosion that may result in overheating**
- **Some 2008-2009 and all 2010-2013 Buick Enclave and GMC Acadia, some 2009 and all 2010-2013 Chevrolet Traverse, and some 2008-2009 and all 2010 Saturn Outlook to repair the wiring harness of seat mounted side air bags**

DETROIT - As a result of Mary Barra's request for a comprehensive internal safety review following the ignition switch recall, General Motors today announced three separate recalls involving U.S. production and sales of approximately:

- 303,000 Chevrolet Express and GMC Savana from the 2009-2014 model years with gross vehicle weight under 10,000 pounds
- 63,900 Cadillac XTS full-size sedan from the 2013 and 2014 model years
- 1.18 million Buick Enclave and GMC Acadia models from the 2008-2013 model years, Chevrolet Traverse from the 2009-2013 model years, and Saturn Outlook from the 2008-2010 model years

"I asked our team to redouble our efforts on our pending product reviews, bring them forward and resolve them quickly," said Mary Barra, GM CEO. "That is what today's GM is all about."

The full-size vans with gross vehicle weights of 10,000 pounds or less do not comply with a head impact requirement for unrestrained occupants, requiring a rework of the passenger instrument panel material.

Unsold vehicles have been placed on a stop delivery until development of the solution has been completed and parts are available. Customers will be notified at that time. Repairs will be made at no charge to customers.

In the XTS, a brake booster pump can create positive pressure within the wiring harness attached to the pump relay. This pressure can lead to the dislodging of a plug in the brake booster pump relay, allowing corrosive elements to enter the connector and form a low-resistance short that could lead to overheating, melting of plastic components and a possible engine compartment fire.

GM is aware of two engine compartment fires in unsold vehicles at dealerships and two cases of melted components.

With respect to the Enclave, Traverse, Acadia and Outlook, the vehicles are equipped with a Service Air Bag warning light in the driver information center. Ignoring the Service Air Bag warning light will eventually result in the non-deployment of the side impact restraints, which include driver and passenger seat-mounted side air bags, front center air bag (if equipped), and the seat belt pretensioners.

To repair the condition, dealers will remove the driver and passenger side air bag wiring harness connectors and splice and solder the wires together.

“Today’s announcement underscores the focus we’re putting on the safety and peace of mind of our customers. We are conducting an intense review of our internal processes and will have more developments to announce as we move forward,” Barra said.

GM expects to take a charge of approximately $300 million in the first quarter primarily for the cost of the repairs for the three safety actions and the previously announced ignition switch recall.

General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Jiefang, Opel, Vauxhall and Wuling brands. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com

###

EXHIBIT 10

EX-99.1 2 ex-99105152014.htm EXHIBIT - PRESS RELEASE

Exhibit 99.1

GM News

For Immediate Release: Thursday, May 15, 2014

GM Announces Five Safety Recalls

DETROIT - General Motors said Thursday it has informed the National Highway Traffic Safety Administration of five safety recalls covering about 2.7 million vehicles in the United States. The recalls cover:

- 2,440,524 previous generation passenger cars for taillamp malfunctions
- 111,889 previous generation Chevrolet Corvettes for loss of low-beam head lamps
- 140,067 Chevrolet Malibus from the 2014 model year for hydraulic brake booster malfunctions
- 19,225 Cadillac CTS 2013-2014 models for windshield wiper failures
- 477 full-size trucks from the 2014 and 2015 model years for a tie-rod defect that can lead to a crash

"Customer safety is at the heart of how GM designs and produces vehicles, and these announcements are examples of two ways we are putting that into practice," said Jeff Boyer, vice president of GM Global Vehicle Safety.

"We have redoubled our efforts to expedite and resolve current reviews in process and also have identified and analyzed recent vehicle issues which require action. These are examples of our focus to surface issues quickly and promptly take necessary actions in the best interest of our customers."

The largest recall involves 2004-2012 Chevrolet Malibu, 2004-2007 Chevrolet Malibu Maxx, 2005-2010 Pontiac G6 and 2007-2010 Saturn Auras model cars in U.S. to modify the brake lamp wiring harness.

Affected vehicles could have corrosion develop in the wiring harness for the body control module due to micro-vibration. The condition could result in brake lamps failing to illuminate when the brakes are applied or brake lamps illuminating when the brakes are not engaged. Additionally, cruise control, traction control, electronic stability control and panic braking assist operation could be disabled.

GM is aware of several hundred complaints, 13 crashes and two injuries but no fatalities as a result of the condition. The company issued a technical service bulletin in 2008 and conducted a safety campaign for a small population of 2005 model year vehicles in January 2009.

The second safety recall covers 111,889 Chevrolet Corvettes from the 2005-2007 model years for potential loss of low-beam headlamp operation Models from 2008-2013 will be covered under a Customer Satisfaction Program. All repairs will be at no cost to customers.

When the engine is warm, the underhood electrical center housing could expand, causing the headlamp low-beam relay control circuit wire to bend slightly. After the wire is repeatedly bent, it can fracture and separate. When this occurs, the low-beam headlamps will not illuminate. As the housing cools and contracts, the low-beam headlamp function may return. This condition does not affect the high-beam headlamps, marker lamps, turn signals, daytime running lamps or fog lamps. Loss of low beam headlamps when they are required could reduce the driver's visibility, increasing the risk of a crash.

GM is aware of several hundred complaints as result of the condition but no crashes, injuries or fatalities.

The third recall covers 140,067 Chevrolet Malibus from the 2014 model year with 2.5L engines and stop/start technology. These vehicles are subject to the disabling of hydraulic brake boost that can require greater pedal efforts and extended stopping distances. Dealers will reprogram the electronic brake control module. The issue was discovered in testing of a future model with similar technology. GM is aware of four crashes but it is not clear that these are related to the condition. No injuries are known from those crashes.

The fourth recall covers 19,225 Cadillac CTS from the 2013-2014 model year for a condition in which the windshield wiper system may become inoperable after a vehicle jump start with wipers active and restricted, such as by ice and snow. Potential lack of visibility could increase the risk of a crash. Dealers will replace the front wiper module free of charge. GM is unaware of any crashes or injuries due to the condition.

The fifth recall involves certain 2014 Chevrolet Silverado and GMC Sierra light duty pickups and 2015 model year Chevrolet Tahoe SUVs. The tie rod threaded attachment to the steering gear rack in these vehicles may not be tightened to specification. With this condition, the tie rod can separate from the steering rack and a crash could occur without prior warning. Customers are being contacted and told to have their vehicles taken by flatbed to their dealer, where the inner tie rods will be inspected for correct torque, and, if necessary, the steering gear will be replaced. The repair procedure was being sent to dealers and owner letters sent by overnight mail to customers on May 14. The issue was discovered and corrected during assembly after the small number of vehicles was released.

GM expects to take a charge of up to approximately $200 million in the second quarter, primarily for the cost of recall-related repairs announced in the quarter.

General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Jiefang, Opel, Vauxhall and Wuling brands. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com

Forward-Looking Statements

In this press release and in related comments by our management, our use of the words “expect,” “anticipate,” “possible,” “potential,” “target,” “believe,” “commit,” “intend,” “continue,” “may,” “would,” “could,” “should,” “project,” “projected,” “positioned” or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products. GM's most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.

###

CONTACTS:

Alan Adler
GM Communications
313-319-8486
alan.adler@gm.com

Kevin Kelly
GM Communications.
313-316-9742

kevin.m.kelly@gm.com

EXHIBIT 11

EX-99.1 2 ex-99106162014.htm EXHIBIT - PRESS RELEASE

Exhibit 99.1

GM News

For Immediate Release: Monday, June 16, 2014

GM Will Rework or Replace Keys on 3.16 Million U.S. Cars

DETROIT - General Motors will rework or replace the ignition keys on about 3.16 million 2000 to 2014 model year cars in the U.S. because the ignition switch may inadvertently move out of the "run" position if the key is carrying extra weight and experiences some jarring event.

The use of a key with a hole, rather than a slotted key, addresses the concern of unintended key rotation due to a jarring road event, such as striking a pothole or crossing railroad tracks.

Only one of the models included in the U.S. recall of 3,160,725 cars is still in production - the previous generation Chevrolet Impala, which is sold to daily rental fleets as the Impala Limited. The total North America population - U.S., Canada, Mexico and exports - is 3,360,555.

The safety recall follows a review of ignition issues following the recall in February of 2.6 million Chevrolet Cobalts and other small cars. GM is aware of eight crashes and six injuries related to this recall.

If the ignition switch moves out of the "run" position, there is an effect on power steering and power braking. In addition, the timing of the key movement out of the "run" position, relative to the activation of the sensing algorithm of the crash event, may result in the air bags not deploying.

The cars being recalled are the:

Buick Lacrosse	MY 2005-2009
Chevrolet Impala	MY 2006-2014
Cadillac Deville	MY 2000-2005
Cadillac DTS	MY 2004-2011
Buick Lucerne	MY 2006-2011
Buick Regal LS & GS	MY 2004-2005
Chevy Monte Carlo	MY 2006-2008

In these vehicles, the ignition switch may be unable to handle extra weight hanging on a slotted key. GM will add an insert to the ignition keys of the recalled vehicles to close the slot and leave a 4x6-millimeter hole through which the key ring could be attached. In vehicles where the key cover has been worn, new keys with holes instead of slots will be provided free of charge.

Rework of the keys - adding key inserts - at GM dealerships is expected to begin in the next few weeks. Until the rework or replacement is completed, owners of the recalled cars are urged to remove additional weight from their key chains and drive with only the ignition key.

In addition to the ignition key recall, GM also announced U.S. recalls for 165,770 vehicles in these five actions:

- 68,887 model year 2013-14 Cadillac ATS and 21,863 model year 2014 Cadillac CTS sedans. In certain vehicles with automatic transmissions, the shift cable may not be fully secured to the shifter bracket or transmission bracket. If the shift cable comes out of the brackets, the driver may not be able to shift the transmission in or out of gear. GM is unaware of any crashes or injuries related to this condition.

- 57,192 2015 Chevrolet Silverado 2500/3500 HD and 2015 GMC Sierra 2500/3500 GMC Sierra HD to inspect for proper attachment of power steering hose clamps to the power steering pump. If the vehicle is driven with the clamp unattached, the hose may disconnect from the pump or gear, causing a rapid loss of power steering fluid. This will result in loss of power steering assist and Hydro Boost powered brakes without warning. The vehicle would revert to manual brakes and manual steering. GM knows of no crashes or injuries from the condition. Dealers are to inspect power steering hose clamps in two locations to ensure they are properly attached.

- 16,932 model year 2011 Cadillac CTS sedans with AWD. On some vehicles, a gasket leak where the constant velocity joint meets the rear propeller shaft may cause the rear propeller shaft to separate or become loose, making contact with the vehicle floor above and causing the rollover sensor to deploy the roof rail air bags. GM is aware of 15 unintended deployments, but injury data is unclear.

- 712 model year 2014 Chevrolet Corvettes with optional Competition Sport Seats, because an unbelted child and door trim may block the passenger seat side air bag vent in a deployment. Dealers will replace the current air bag with a redesigned version. GM is unaware of any crashes or injuries related to this condition, but advises customers to not allow small children in the front seat until the vehicle is serviced.

- 184 model year 2014-15 Chevrolet Silverado and GMC Sierra full-size pickups with vinyl floors and accessory all-weather floor mats purchased new with the vehicle. The mats can slip under the driver's feet because the vinyl floors have no attachments to secure them in place. Customers are advised take the floor mats to their dealer for a full refund. GM is unaware of any crashes or injuries related to the mats.

GM expects to take a charge of up to approximately $700 million in the second quarter for the cost of recall-related repairs announced in the quarter. This amount includes a previously disclosed $400 million charge for recalls announced May 15 and May 20.

General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Jiefang, Opel, Vauxhall and Wuling brands. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com

###

CONTACTS:
Alan Adler
GM Communications
313-319-8486
alan.adler@gm.com

Jim Cain
GM Communications
313-407-2843
james.cain@gm.com

EXHIBIT 12

EX-99.1 2 ex-99106302014.htm EXHIBIT - PRESS RELEASE

Exhibit 99.1

GM News

For Immediate Release: Monday, June 30, 2014

GM Announces Six Safety Recalls

DETROIT - General Motors announced today it will conduct six new safety recalls in the United States involving about 7.6 million vehicles from the 1997 to 2014 model years.

“We undertook what I believe is the most comprehensive safety review in the history of our company because nothing is more important than the safety of our customers,” said GM CEO Mary Barra. “Our customers deserve more than we delivered in these vehicles. That has hardened my resolve to set a new industry standard for vehicle safety, quality and excellence.”

Among these recalled vehicles, GM is aware of seven crashes, eight injuries and three fatalities. The fatal crashes occurred in older model full-size sedans being recalled for inadvertent ignition key rotation. There is no conclusive evidence that the defect condition caused those crashes.

“We have worked aggressively to identify and address the major outstanding issues that could impact the safety of our customers,” Barra said. “If any other issues come to our attention, we will act appropriately and without hesitation.”

GM has made changes to every process that affects the safety of its vehicles, and the company has acted or will act on all 90 of the recommendations put forward by former U.S. Attorney Anton Valukas in his independent report to the company’s Board of Directors.

GM expects to take a charge of up to approximately $1.2 billion in the second quarter for the cost of recall-related repairs announced in the quarter. This amount includes a previously disclosed $700 million charge for recalls already announced during the quarter.

Until the ignition recall repairs have been performed, it is very important that customers remove all items from their key ring, leaving only the vehicle key, and always use their seat belts. The key fob, if present, should also be removed from the key ring.

General Motors Co. (NYSE:GM, TSX: GMM) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Jiefang, Opel, Vauxhall and Wuling brands. More information on the company and its subsidiaries, including OnStar, a global leader in vehicle safety, security and information services, can be found at http://www.gm.com

Forward-Looking Statements

In this press release and in related comments by our management, our use of the words “expect,” “anticipate,” “possible,” “potential,” "target," "believe," "commit," "intend," "continue," "may," "would," "could," "should," "project," "projected," "positioned" or similar expressions is intended to identify forward-looking statements that represent our current judgment about possible future events. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors. Among other items, such factors might include: our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications; our ability to maintain quality control over our vehicles and avoid material vehicle recalls; our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology; the ability of our suppliers to timely deliver parts, components and systems; our ability to realize successful vehicle applications of new technology; and our ability to continue to attract new customers, particularly for our new products. GM's most recent annual report on Form 10-K and quarterly reports on Form 10-Q provides information about these and other factors, which we may revise or supplement in future reports to the SEC.

###

CONTACTS:

Alan Adler
GM Communications
313-319-8486
alan.adler@gm.com

Jim Cain
GM Communications
313-407-2843
james.cain@gm.com

GM ANNOUNCES SIX RECALLS, JUNE 30, 2014

#	MY/MODELS	CONDITION	U.S. POPULATION	GMNA POPULATION
1	1997-2005 Chevrolet Malibu; 1998-2002 Oldsmobile Intrique; 1999-2004 Oldsmobile Alero; 1999-2005 Pontiac Grand Am; 2000-05 Chevrolet Impala and Monte Carlo; 2004-08 Pontiac Grand Prix	Unintended ignition key rotation	6,805,679	7,610,862
2	2003-14 Cadillac CTS, 2004-06 Cadillac SRX	Unintended ignition key rotation	554,328	616,179
3	2011-14 Chevrolet Cruze; 2012-14 Chevrolet Sonic; 2013-14 Chevrolet Trax, Buick Encore and Verano	On certain vehicles, insulation on the engine block heater power cord (if equipped) may become damaged during very cold conditions.	2,990	20,134
4	2014 Chevrolet Camaro and Impala, Buick Regal, Cadillac XTS	Some vehicles may not have had a “Superhold” joint fastener torqued to specification at the assembly plant.	106	117
5	2007-11 Chevrolet Silverado HD, GMC Sierra HD equipped with an auxiliary battery	An overload in the feed may cause the underhood fusible link to melt due to electrical overload, resulting in potential smoke or flames that could damage the electrical center cover and/or the nearby wiring harness conduit.	9,371	12,008
6	2005-07 Buick Rainier, Chevrolet TrailBlazer, GMC Envoy, Isuzu Ascender, Saab 9-7x; 2006 Chevrolet TrailBlazer EXT, GMC Envoy XL	A possible electrical short in the driver’s door module that could disable the power door lock and window switches and, in rare cases, overheat the module.	181,984	188,705
			U.S.TOTAL	**GMNA TOTAL**
			7,554,458	**8,448,005**

EXHIBIT 13

10-K 1 d10k.htm FORM 10-K

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 333-160471

GENERAL MOTORS COMPANY

(Exact Name of Company as Specified in its Charter)

STATE OF DELAWARE *(State or other jurisdiction of Incorporation or Organization)*	**27-0756180** *(I.R.S. Employer Identification No.)*
300 Renaissance Center, Detroit, Michigan *(Address of Principal Executive Offices)*	**48265-3000** *(Zip Code)*

Company's telephone number, including area code
(313) 556-5000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the company is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the company is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☑ No ☐

Indicate by check mark whether the company (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☑

Indicate by check mark whether the registrant has submitted electronically and posted on its company Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the company's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. Yes ☑ No ☐

Indicate by check mark whether the company is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
Do not check if smaller reporting company

Indicate by check mark whether the company is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

As of March 15, 2010, the number of shares outstanding of $0.01 par value common stock was 500,000,000 shares.

Table of Contents

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2009 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2009 10-K for the periods after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities. Refer to Note 1 to the consolidated financial statements for additional information.

We are a private company and were not previously subject to the filing requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934. We are a voluntary filer with the Securities and Exchange Commission (SEC). We are filing an Annual Report on Form 10-K for the year ended December 31, 2009, a Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 and a Registration Statement on Form 10 pursuant to an agreement with the SEC Staff, as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of MLC.

Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes.

The 363 Sale resulted in a new entity, General Motors Company, which is the successor entity solely for accounting and financial reporting purposes. Because we are a new reporting entity, our financial statements are not comparable to the financial statements of Old GM.

Table of Contents

INDEX

Table of Contents

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2009 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2009 10-K for the periods after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Item 1. *Business*

Launch of General Motors Company

Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes. On June 1, 2009 Old GM and three of its domestic direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court). On July 10, 2009 in connection with the 363 Sale, we, through certain of our subsidiaries, acquired substantially all of the assets and assumed certain liabilities of Old GM. MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Through our purchase of substantially all of the assets and assumption of certain liabilities of Old GM in connection with the 363 Sale, we have launched a new company with a strong balance sheet, a competitive cost structure, and a strong cash position, which we believe will enable us to compete more effectively with our U.S. and foreign-based competitors in the U.S. and to continue our strong presence in growing global markets. In particular, we acquired Old GM's strongest operations and we believe we will have a competitive operating cost structure, partly as a result of recent agreements with the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) and Canadian Auto Workers Union (CAW).

In addition the formation of General Motors Company comes with a renewed vision to design, build and sell the world's best vehicles. In order to implement this renewed vision, a majority of our Board of Directors is comprised of directors that did not serve on Old GM's Board of Directors, and we have recently appointed new executive leadership, including our CEO and CFO. We have also recently installed a smaller executive committee, which meets more frequently than prior leadership committees, resulting in faster decision making and increased accountability.

Our executive leadership and our employees are committed to:

- Building our market share, revenue, earnings and cash flow with the goal of paying back in 2010 our loans from the UST and Export Development Canada (EDC), a corporation wholly-owned by the government of Canada;
- Improving the quality of our cars and trucks, while increasing customer satisfaction and overall perception of our products; and
- Continuing to take a leadership role in the development of advanced energy saving technologies, including advanced combustion engines, biofuels, fuel cells, hybrid vehicles, extended-range-electric vehicles, and advanced battery development.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

General

We develop, produce and market cars, trucks and parts worldwide. We do so through our three segments: General Motors North America (GMNA), General Motors Europe (GME) and General Motors International Operations (GMIO).

In the year ended 2009 vehicle sales, market share data and production volume combine our data in the period July 10, 2009 through December 31, 2009 with Old GM's data in the period January 1, 2009 through July 9, 2009 for comparative purposes.

Total combined GM and Old GM worldwide vehicle sales in the year ended 2009 were 7.5 million. Old GM's total worldwide vehicle sales were 8.4 million and 9.4 million in the years ended 2008 and 2007. Substantially all of the cars, trucks and parts are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned. GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following core brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2009 we had equity ownership stakes directly or indirectly through various regional subsidiaries, including GM Daewoo Auto & Technology Co. (GM Daewoo), Shanghai General Motors Co., Ltd. (SGM), SAIC-GM-Wuling Automobile Co., Ltd. (SGMW), and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM). These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

In addition to the products we sell to our dealers for consumer retail sales, we also sell cars and trucks to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through our network of dealers and in some cases directly by us. Our retail and fleet customers can obtain a wide range of aftersale vehicle services and products through our dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Brand Rationalization

We have focused our resources in the U.S. on four core brands: Chevrolet, Cadillac, Buick and GMC. As a result, we have sold our Saab brand and announced plans to phase out our Pontiac, Saturn and HUMMER brands. In connection with the rationalization of our brands, there is no planned investment for Pontiac, and the brand is expected to be phased out by the end of 2010.

Saturn

In September 2009 we decided to wind-down the Saturn brand and dealership network in accordance with the deferred termination agreements that Saturn dealers have signed with us. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Brand Rationalization" for a further discussion on the Saturn disposition.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

HUMMER

In February 2010 we announced that Tengzhong Heavy Industrial Machinery Co., Ltd. (Tengzhong), was unable to complete the acquisition of HUMMER and that we would proceed to wind down the HUMMER brand. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Brand Rationalization" for a further discussion on the HUMMER disposition.

Saab

In February 2010 we completed the sale of Saab to Spyker Cars NV. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations – Brand Rationalization" for a further discussion on the Saab disposition.

Opel/Vauxhall Restructuring Activities

In February 2010 we presented our plan for the long-term viability of our Opel/Vauxhall operations to the German government. Our plan includes specific capital requirements, restructuring initiatives, estimated 12 product launches in the next two years and emphasis on alternative propulsion technologies. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Opel/Vauxhall Restructuring Activities" for a further discussion on the Opel/Vauxhall operations long-term viability plan.

Vehicle Sales

The following tables summarize total industry sales of new motor vehicles of domestic and foreign makes and the related competitive position (vehicles in thousands):

	Vehicle Sales(a)(b) Years Ended December 31,								
	2009			2008			2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
United States									
Cars									
Midsize	2,288	518	22.7%	2,920	760	26.0%	3,410	884	25.9%
Small	2,051	202	9.8%	2,547	328	12.9%	2,605	381	14.6%
Luxury	778	69	8.8%	1,017	122	12.0%	1,184	157	13.3%
Sport	253	85	33.7%	272	48	17.7%	372	68	18.2%
Total cars	5,370	874	16.3%	6,756	1,257	18.6%	7,571	1,489	19.7%
Trucks									
Utilities	3,071	642	20.9%	3,654	809	22.1%	4,752	1,136	23.9%
Pick-ups	1,404	487	34.7%	1,993	738	37.0%	2,710	979	36.1%
Vans	583	68	11.7%	841	151	17.9%	1,119	219	19.6%
Medium Duty	178	13	7.1%	259	26	10.0%	321	44	13.7%
Total trucks	5,238	1,210	23.1%	6,746	1,723	25.5%	8,902	2,377	26.7%
Total United States	10,608	2,084	19.6%	13,503	2,981	22.1%	16,473	3,867	23.5%
Canada, Mexico, and Other	2,464	400	16.2%	3,064	585	19.1%	3,161	650	20.6%
Total GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
GMIO	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
Total Worldwide	64,257	7,478	11.6%	67,176	8,362	12.4%	70,929	9,370	13.2%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Vehicle Sales (a)(b) Years Ended December 31,								
	2009			2008			2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
GMNA									
United States	10,608	2,084	19.6%	13,503	2,981	22.1%	16,473	3,867	23.5%
Canada	1,482	254	17.2%	1,674	359	21.4%	1,691	404	23.9%
Mexico	774	138	17.9%	1,071	212	19.8%	1,146	230	20.1%
Other	208	7	3.5%	319	13	4.2%	325	16	4.8%
Total GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
GMIO									
China	13,671	1,826	13.4%	9,074	1,095	12.1%	8,457	1,032	12.2%
Brazil	3,141	596	19.0%	2,820	549	19.5%	2,463	499	20.3%
Australia	937	121	12.9%	1,012	133	13.1%	1,050	149	14.2%
Middle East Operations	1,053	117	11.1%	1,118	144	12.9%	1,276	136	10.7%
South Korea	1,455	115	7.9%	1,215	117	9.7%	1,271	131	10.3%
Argentina	517	79	15.2%	616	95	15.5%	573	92	16.1%
India	2,240	69	3.1%	1,971	66	3.3%	1,989	60	3.0%
Colombia	185	67	36.1%	219	80	36.3%	252	93	36.8%
Egypt	204	52	25.6%	262	60	23.1%	227	40	17.5%
Venezuela	137	49	36.1%	272	90	33.2%	492	151	30.7%
Other	8,817	235	2.7%	10,061	325	3.2%	10,123	289	2.9%
Total GMIO	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
GME									
Germany	4,049	382	9.4%	3,425	300	8.8%	3,482	331	9.5%
United Kingdom	2,223	287	12.9%	2,485	384	15.4%	2,800	427	15.2%
Italy	2,349	189	8.0%	2,423	202	8.3%	2,778	237	8.5%
Russia	1,494	142	9.5%	3,024	338	11.2%	2,707	260	9.6%
France	2,686	119	4.4%	2,574	114	4.4%	2,584	125	4.8%
Spain	1,075	94	8.7%	1,363	107	7.8%	1,939	171	8.8%
Other	4,951	455	9.2%	6,674	599	9.0%	6,832	632	9.2%
Total GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
Total Worldwide	64,257	7,478	11.6%	67,176	8,362	12.4%	70,929	9,370	13.2%

(a) Vehicle sales above primarily represent vehicles manufactured or sold under a GM brand or through an owned distribution network. Under contractual agreements with SGMW and FAW-GM, joint venture vehicle sales in China are included in the vehicle sales and global market share above. Combined GM and Old GM joint venture vehicle sales in China included in the vehicle sales and market share data above was 1.0 million vehicles in the year ended 2009. Old GM's joint venture vehicle sales in China included in the vehicle sales and market share data above was 606,000 vehicles and 516,000 vehicles in the years ended 2008 and 2007. Consistent with industry practice, vehicle sales information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

(b) Totals may include rounding differences.

Form 10-K

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Fleet sales are comprised of vehicle sales to daily rental car companies, as well as leasing companies and commercial fleet and government customers. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. As part of our pricing strategy, particularly in the U.S., we have improved our mix of sales to specific customers.

The following table summarizes estimated fleet sales and the amount of those sales as a percentage of total vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2009	2008	2007
	Combined GM and Old GM	Old GM	Old GM
GMNA	590	953	1,152
GMIO	510	587	594
GME	540	769	833
Total fleet sales (a)	1,640	2,309	2,579
Fleet sales as a percentage of total vehicle sales	21.9%	27.6%	27.5%

(a) Fleet sale transactions vary by segment and some amounts are estimated.

The following table summarizes U.S. fleet sales and the amount of those sales as a percentage of total U.S. vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2009	2008	2007
	Combined GM and Old GM	Old GM	Old GM
Daily rental sales	307	480	596
Other fleet sales	207	343	412
Total fleet sales	514	823	1,008
Fleet sales as a percentage of total vehicle sales			
Cars	29.0%	34.8%	34.9%
Trucks	21.6%	22.4%	20.5%
Total cars and trucks	24.7%	27.6%	26.1%

Competitive Position

The global automotive industry is highly competitive. The principal factors that determine consumer vehicle preferences in the markets in which we operate include price, quality, available options, style, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

In the year ended 2009 combined GM and Old GM estimated worldwide market share was 11.6%. In 2009 the U.S. continued to be negatively affected by the economic factors experienced in 2008 as U.S. automotive industry sales declined 21.4% when compared to 2008. Despite this U.S. industry sales decline and the fact that the market share decreased from Old GM 2008 levels of 22.1%, combined GM and Old GM estimated U.S. market share of 19.6% was the highest among GM and Old GM's principal competitors.

Old GM's estimated worldwide market share was 12.4% and 13.2% in the years ended 2008 and 2007. In 2008 worldwide market share was severely affected by the recession in Old GM's largest market, the U.S., and the recession in Western Europe. Tightening of the credit markets, increases in the unemployment rate, declining consumer confidence as a result of declining household incomes and

Table of Contents

escalating public speculation related to Old GM's potential bankruptcy contributed to significantly lower vehicle sales in the U.S. These economic factors had a negative effect on the U.S. automotive industry and the principal factors that determine consumers' vehicle buying decisions. As a result, consumers delayed purchasing or leasing new vehicles which caused a decline in U.S. vehicle sales.

The following table summarizes the respective U.S. market shares in passenger cars and trucks:

	Years Ended December 31,		
	2009	2008	2007
GM (a)	19.6%	22.1%	23.5%
Toyota	16.7%	16.5%	15.9%
Ford	15.9%	14.7%	15.2%
Honda	10.8%	10.6%	9.4%
Chrysler	8.8%	10.8%	12.6%
Nissan	7.3%	7.0%	6.5%
Hyundai/Kia	6.9%	5.0%	4.7%

(a) Market share data in the year ended 2009 combines our market share data in the period July 10, 2009 through December 31, 2009 with Old GM's market share data in the period January 1, 2009 through July 9, 2009 for comparative purposes. Market share data in the years ended 2008 and 2007 relate to Old GM.

Product Pricing

A number of methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2010, we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy coupled with improved inventory management will continue to strengthen the reputation of our brands and continue to improve our average transaction price.

Cyclical Nature of Business

In the automotive industry, retail sales are cyclical and production varies from month to month. Vehicle model changeovers occur throughout the year as a result of new market entries. The market for vehicles is cyclical and depends on general economic conditions, credit availability and consumer spending. In 2009 the global automotive industry, particularly in the U.S., had not yet recovered from the negative economic factors experienced in 2008 and has continued to experience decreases in the total number of new cars and trucks sold and decreased production volume.

Relationship with Dealers

Worldwide we market vehicles through a network of independent retail dealers and distributors. At December 31, 2009 there were 5,619 vehicle dealers in the U.S., 568 in Canada and 263 in Mexico. Additionally, there were a total of 14,317 distribution outlets throughout the rest of the world. These outlets include distributors, dealers and authorized sales, service and parts outlets.

The following table summarizes the number of authorized dealerships:

	December 31,		
	2009	2008	2007
GMNA	6,450	7,360	7,835
GMIO	5,895	5,510	5,150
GME	8,422	8,732	8,902
Total Worldwide	20,767	21,602	21,887

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. In determining which dealerships would remain in our network we performed analyses of volumes and consumer satisfaction indexes, among other criteria. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — U.S. Dealer Reduction" for a further discussion on our plan to reduce U.S. dealerships.

We enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale prices and granting the dealer the right to sell those vehicles to retail customers from a GM approved location. Our dealers often offer more than one GM brand of vehicle at a single dealership. In fact, we actively promote this for several of our brands in a number of our markets in order to enhance dealer profitability. Authorized GM dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell, using genuine GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty program, and those repairs are to be made only with genuine GM parts. In addition, our dealers generally provide their customers access to credit or lease financing, vehicle insurance and extended service contracts provided by GMAC Inc. (GMAC) or its subsidiaries and other financial institutions.

Because dealers maintain the primary sales and service interface with the ultimate consumer of our products, the quality of GM dealerships and our relationship with our dealers and distributors are critical to our success. In addition to the terms of our contracts with our dealers, we are regulated by various country and state franchise laws that may supersede those contractual terms and impose specific regulatory requirements and standards for initiating dealer network changes, pursuing terminations for cause and other contractual matters.

Research, Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering, and design and development activities relate primarily to developing new products or services or improving existing products or services, including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers.

The following table summarizes research and development expense (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Research and development expense	$ 3,034	$ 3,017	$ 8,012	$ 8,081

Research

Overview

Our top priority for research is to continue to develop and advance our alternative propulsion strategy, as energy diversity and environmental leadership are critical elements of our overall business strategy. Our objective is to be the recognized industry leader in fuel efficiency through the development of a wide variety of technologies to reduce petroleum consumption. To meet this objective we focus on five specific areas:

- Continue to increase the fuel efficiency of our cars and trucks;
- Development of alternative fuel vehicles;
- Invest significantly in our hybrid and electric technologies;
- Invest significantly in plug-in electric vehicle technology; and
- Continued development of hydrogen fuel cell technology.

Table of Contents

Fuel Efficiency

We and Old GM have complied with federal fuel economy requirements since their inception in 1978, and we are fully committed to meeting the requirements of the Energy Independence and Security Act of 2007 (EISA) and compliance with other regulatory schemes, including the California CO_2 program. We anticipate steadily improving fuel economy for both our car and truck fleets. We are committed to meeting or exceeding all federal fuel economy standards in the 2010 through 2015 model years. We plan to achieve compliance through a combination of strategies, including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and six speed automatic transmissions; (3) vehicle improvements, including increased use of lighter, front-wheel drive architectures; (4) increased hybrid offerings and the launch of the Chevrolet Volt electric vehicle with extended range in 2010; and (5) portfolio changes, including the increasing car/crossover mix and dropping select larger vehicles in favor of smaller, more fuel efficient offerings.

We are among the industry leaders in fuel efficiency and we are committed to lead in the development of technologies to increase the fuel efficiency of internal combustion engines such as cylinder deactivation, direct injection, turbo-charging with engine downsizing, six speed transmissions and variable valve timing. As a full-line manufacturer that produces a wide variety of cars, trucks and sport utility vehicles, we currently offer 20 models obtaining 30 mpg or more in highway driving, more than any other manufacturer.

Alternative Fuel Vehicles

We have also been in the forefront in the development of alternative fuel vehicles, leveraging experience and capability developed around these technologies in our operations in Brazil. Alternative fuels offer the greatest near-term potential to reduce petroleum consumption in the transportation sector, especially as cellulosic sources of ethanol become more affordable and readily available in the U.S. An increasing percentage of our sales will be alternative fuel capable vehicles, estimated to increase from 17% in 2010 to 65% in 2014.

As part of an overall energy diversity strategy, we remain committed to making at least 50% of the vehicles we produce for the U.S. capable of operating on biofuels, specifically E85 ethanol, by 2012. We currently offer 17 FlexFuel models capable of operating on gasoline, E85 ethanol or any combination of the two.

We are focused on promoting sustainable biofuels derived from non-food sources, such as agricultural, forestry and municipal waste. We are continuing to work with our two strategic alliances with cellulosic ethanol makers Coskata, Inc., of Warrenville, Illinois, and New Hampshire based Mascoma Corp. In October 2009 Coskata, Inc. opened its semi-commercial facility for manufacturing cellulosic ethanol and Mascoma Corp. has been making cellulosic ethanol at its Rome, New York, demonstration plant since late 2008.

We are also supporting the development of biodiesel, a clean-burning alternative diesel fuel that is produced from renewable sources. We currently approve the use of B5, which are certified biodiesel blends of up to 5%, in our Duramax engine that we sell in the U.S. This engine is available on the Chevrolet Silverado and GMC Sierra heavy-duty pick-up trucks, Chevrolet Express and GMC Savanna fullsize vans and the Chevrolet Kodiak and GMC Top Kick commercial vehicles. B5 is also approved for all GM diesels in Europe and Asia. We offer a special equipment option on the 6.6-liter Duramax for B20, a 20% biodiesel blend. The special equipment option is available on certain configurations of the GMC Savanna and Chevrolet Express Vans and the Chevrolet Silverado and GMC Sierra Heavy-Duty One-Ton Pick-ups. For the 2011 model year, B20 capability will be available on our 6.6L turbo diesel engine.

Hybrid and Plug-In Electric Vehicles

We are also investing significantly in vehicle electrification including hybrid, plug-in hybrid and electric vehicles with extended-range technology. We currently offer seven hybrid models. We are also developing plug-in hybrid electric vehicle technology (PHEV) and the Chevrolet Volt and Opel Ampera electric vehicles with extended range. We plan to invest heavily between 2010 and 2012 to support the expansion of our electrified vehicle offering and in-house development and manufacturing capabilities of the enabling technologies-advanced batteries, electric motors and power control systems.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

We have multiple technologies offering increasing levels of vehicle electrification — hybrid, plug-in hybrid and electric vehicle with extended range.

The highly capable GM Two-mode Hybrid system is offered with the automotive industry's only hybrid fullsize trucks and sport utility vehicles: Chevrolet Tahoe, Chevrolet Silverado, GMC Yukon and Yukon Denali, GMC Sierra, Cadillac Escalade and Escalade Platinum.

A PHEV, using a modified version of GM's Two-Mode Hybrid system and advanced lithium-ion battery technology, is scheduled to launch in 2012. The PHEV will provide low-speed electric-only propulsion, and blend engine and battery power to significantly improve fuel efficiency.

We have also announced that we plan to launch the Chevrolet Volt electric vehicle with extended range in late 2010. The Chevrolet Volt is powered by electricity at all times and at all speeds. The Chevrolet Volt is designed to operate on battery power alone for up to 40 miles, after which an engine-generator will provide the electricity to power the electric drive unit. Advanced lithium-ion battery technology is the key enabling technology for the Chevrolet Volt. In January 2009 Old GM announced that it would assemble the battery packs for the Chevrolet Volt in the U.S. using cells supplied by LG Chem. Battery production began at our Brownstown Battery facility in January 2010. A second electric vehicle with extended range, the Opel Ampera, is under development and scheduled to launch in Europe in late 2011.

Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. We and Old GM have conducted research in hydrogen fuel cell development spanning the last 15 years, and we are the only U.S. automobile manufacturer actively engaged in fuel cell development. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, are the largest in the world and have accumulated more than 1.2 million miles of real-world driving by consumers, celebrities, business partners and government agencies. More than 6,000 individuals have driven the fuel cell powered Chevrolet Equinox, either in short drives, such as media or special events, or as part of Project Driveway. To date, their feedback has led to technology improvements such as extending fuel cell stack life and improvements in the regenerative braking system, which has also benefited our Two-Mode Hybrid vehicles, and improvements in the infrastructure of fueling stations for hydrogen fuel cell electric vehicles. In addition, the knowledge gained during Project Driveway on the fuel cell itself has affected the development of the Chevrolet Volt battery as we are applying fuel cell thermal design knowledge to the Chevrolet Volt battery design. Project Driveway operates in Washington DC and California (including Los Angeles, Orange County and Sacramento) for the California Fuel Cell Partnership and the California Air Resources Board (CARB). Project Driveway also operates in the New York Metropolitan area in Westchester County with expansion to the greater New York City area due to recent openings of hydrogen fueling stations at JFK International Airport and in the Bronx. Most Project Driveway participants drive Chevrolet Equinoxes for two months with the cost of fuel and insurance provided free in exchange for participant feedback. The Chevrolet Equinox fuel cell electric vehicles do not use any gasoline or oil and emit only water vapor. We have made significant progress on the fuel cell stack for a second-generation fuel cell vehicle, though we currently have no vehicle program approved.

OnStar

Advancements in telematics technology are demonstrated through our OnStar service. OnStar's in-vehicle safety, security and communications service is the automotive industry's leading telematics provider, available on more than 30 of our 2010 model year vehicles and currently serving approximately 5.5 million subscribers. OnStar's key services include: Automatic Crash Response, Stolen Vehicle Assistance, Turn-by-Turn Navigation, OnStar Vehicle Diagnostics and Hands-Free Calling. In May 2009 OnStar announced the development of an Injury Severity Prediction based on the findings of a Center for Disease Control and Prevention expert panel. This will allow OnStar advisors to alert first responders when a vehicle crash is likely to have caused serious injury to the occupants. Data from OnStar's Automatic Crash Response system will be used to automatically calculate the Injury Severity Prediction which can assist responders in determining the level of care required and the transport destination for patients. OnStar has

Table of Contents

also expanded its Stolen Vehicle Assistance services with the announcement of Remote Ignition Block. This will allow an OnStar Advisor to send a remote signal to a subscriber's stolen vehicle to prevent the vehicle from restarting once the ignition is turned off. This capability will not only help authorities recover stolen vehicles, but can also prevent or shorten dangerous high speed pursuits.

Other Technologies

Other safety systems include the third generation of our StabiliTrak electronic stability control system. In addition to controlling brakes and reducing engine power, the latest iteration of the system combines active front steering to turn the front wheels into the skid when the rear wheels lose traction. Our Lane Departure Warning System and Side Blind Zone Alert System extend and enhance driver awareness and vision.

Refer to "Environmental and Regulatory Matters" for a discussion of vehicle emissions requirements, vehicle noise requirements, fuel economy requirements and safety requirements, which also affect our research and development activities.

Product Development

Our vehicle development activities are integrated into a single global organization. This strategy built on earlier efforts to consolidate and standardize our approach to vehicle development.

For example, in the 1990s Old GM merged 11 different engineering centers in the U.S. into a single organization. In 2005, GM Europe Engineering was created, following a similar consolidation from three separate engineering organizations. At the same time, we and Old GM have grown our engineering operations in emerging markets in the Asia Pacific and Latin America/Africa/Middle East (LAAM) regions.

As a result of this process, product development activities are fully integrated on a global basis under one budget and one decision-making group. Similar approaches have been in place for a number of years in other key functions, such as powertrain, purchasing and manufacturing, to take full advantage of our global footprint and resources.

Under our global vehicle architecture strategy and for each of our nine global architectures, we define a specific range of performance characteristics and dimensions supporting a common set of major underbody components and subsystems with common interfaces.

A centralized organization is responsible for many of the non-visible parts of the vehicle, referred to as the architecture, such as steering, suspension, the brake system, the heating, ventilation and air conditioning system and the electrical system. This team works very closely with the global architecture development teams around the world, who are responsible for components that are unique to each brand, such as exterior and interior design, tuning of the vehicle to meet the brand character requirements and final validation to meet applicable government requirements.

We currently have nine different global architectures that are assigned to regional centers around the world. The allocation of the architectures to specific regions is based on where the expertise for the vehicle segment resides, e.g., mini and small vehicles in Asia Pacific, compact vehicles in Europe and fullsize pick-up trucks, sport utility vehicles, midsize vehicles and crossover vehicles in North America.

The nine global architectures are:

- Mini
- Small
- Compact
- Full and Midsize
- Fullsize Truck
- Rear-Wheel Drive and Performance
- Crossover
- Midsize Truck
- Electric

Table of Contents

Intellectual Property

We generate and hold a significant number of patents in a number of countries in connection with the operation of our business. While none of these patents by itself is material to our business as a whole, these patents are very important to our operations and continued technological development. In addition, we hold a number of trademarks and service marks that are very important to our identity and recognition in the marketplace.

Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily comprised of steel, aluminum, resins, copper, lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements. In 2009 the weakening of commodity prices experienced in the latter part of 2008 was generally reversed, with prices returning to more historical levels in the year ended 2009 and having the effect of increasing our costs. In a gradually recovering global economic climate, this shift is believed to be the result of speculative activity and the weakening of the U.S. Dollar combined with increased confidence and mild improvements in underlying demand.

In some instances, we purchase systems, components, parts and supplies from a single source, and may be at an increased risk for supply disruptions. Based on our standard payment terms with our systems, components and parts suppliers, we are generally required to pay most of these suppliers on average 47 days following delivery with weekly disbursements.

Environmental and Regulatory Matters

Automotive Emissions Control

We are subject to laws and regulations, regarding vehicle exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic system (OBD) requirements, in the regions throughout the world in which we sell cars, trucks and heavy-duty engines.

North America

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S., and additional requirements are imposed by various state governments, most notably California. These requirements include pre-production testing of vehicles, testing of vehicles after assembly, the imposition of emission defect and performance warranties and the obligation to recall and repair customer owned vehicles that do not comply with emissions requirements. We must obtain certification that the vehicles will meet emission requirements from the Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the CARB before we can sell vehicles in California and other states that have adopted the California emissions requirements.

The EPA and the CARB continue to emphasize testing on vehicles sold in the U.S. for compliance. We believe that our vehicles meet currently applicable EPA and CARB requirements. If our vehicles do not comply with the emission standards or if defective emission control systems or components are discovered in such testing, or as part of government required defect reporting, we could incur substantial costs related to emissions recalls. We expect that new CARB and federal requirements will increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

The EPA and the CARB emission requirements currently in place are referred to as Tier 2 and Low Emission Vehicle (LEV) II. The Tier 2 requirements began in 2004 and were fully phased-in by the 2009 model year, while the LEV II requirements began in 2004 and increase in stringency each year through the 2010 model year. Fleet-wide compliance with the Tier 2 and LEV II standards must be achieved based on a sales-weighted fleet average. CARB is developing its next generation emission standards, LEV III,

Table of Contents

which will further increase the stringency of its emission standards. Based on discussions with the CARB staff, we expect the LEV III requirements to be adopted in the second half of 2010 and to apply beginning in the 2014 model year. California has also passed legislation and enacted a regulation to control the emissions of greenhouse gases. Since we believe this regulation is effectively a form of fuel economy requirement, it is discussed under "Automotive Fuel Economy." In addition, both the CARB and the EPA have adopted more stringent standards applicable to heavy-duty trucks.

California law requires that a specified percentage of cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV), such as electric vehicles or hydrogen fuel cell vehicles. This requirement started at 10% for the 2005 model year and increased in subsequent years. Manufacturers have the option of meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. An additional portion of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology, such as a hybrid electric propulsion system meeting specified criteria. We are complying with the ZEV requirements using a variety of means, including producing vehicles certified to the partial ZEV requirements. California recently adopted changes applicable to the 2012 and later model years that allow an additional portion of the ZEV requirements to be met with PHEVs, including E-REV's such as the Chevrolet Volt, that meet partial ZEV requirements and other specified criteria. CARB has also announced plans to adopt, in the second half of 2010, 2015 model year and later requirements for ZEVs and PHEVs to achieve greenhouse gas as well as criteria pollutant emission reductions.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and truck emission standards in lieu of the federal requirements. Ten states, including New York, Massachusetts, Maine, Vermont, Connecticut, Pennsylvania, Rhode Island, New Jersey, Oregon and Washington, currently have these standards in effect. Maryland and New Mexico have adopted the California standards effective beginning in the 2011 model year and Arizona's standards are effective beginning in the 2012 model year. Additional states could also adopt the California standards in the future.

In addition to the exhaust emission programs previously discussed, advanced OBD systems, used to identify and diagnose problems with emission control systems, have been required under federal and California law since the 1996 model year. Problems detected by the OBD system have the potential of increasing warranty costs and the chance for recall. OBD requirements become more challenging each year as vehicles must meet lower emission standards, and new diagnostics are required. Beginning with the 2004 model year, California adopted more stringent OBD requirements, including new design requirements and corresponding enforcement procedures, and we have implemented hardware and software changes to comply with these more stringent requirements. In addition, California adopted technically challenging new OBD requirements that take effect from the 2008 through 2013 model years.

The federal Tier 2 and California evaporative emission LEV II requirements began phasing-in with the 2004 model year. The federal requirements are being harmonized with the California requirements beginning with a 2009 model year phase-in. California plans to further increase the stringency of its requirements as part of its LEV III rulemaking.

Europe

In Europe emissions are regulated by two different entities: the European Union (EU) and the United Nations Economic Commission for Europe (UN ECE). The EU imposes stringent emission control requirements on vehicles sold in all 27 EU Member States, and other countries apply regulations under the framework of the UN ECE. EU member states can give tax incentives to automobile manufacturers for vehicles which meet emission standards earlier than the compliance date. This can result in specific market requirements for automobile manufacturers to introduce technology earlier than is required for compliance with the EU emission standards. The current EU requirements include type approval of preproduction testing of vehicles, testing of vehicles after assembly and the obligation to recall and repair customer owned vehicles that do not comply with emissions requirements. EU and UN ECE requirements are equivalent in terms of stringency and implementation. We must demonstrate that vehicles will meet emission requirements in witness tests and obtain type approval from an approval authority before we can sell vehicles in the EU.

Emission requirements in Europe will become even more stringent in the future. A new level of exhaust emission standards for cars and light-duty trucks, Euro 5 standards, were applied in September 2009, while stricter Euro 6 standards are expected to apply beginning in 2014. The OBD requirements associated with these new standards will become more challenging as well. The new

Table of Contents

European emission standards focus particularly on reducing emissions from diesel vehicles. Diesel vehicles have become important in the European marketplace, where they encompass 50% of the market share. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6, we expect that technologies need to be implemented which are identical to those being developed to meet U.S. emission standards. The technologies available today are not cost effective and would therefore not be suitable for the European market for small and midsize diesel vehicles, which typically are under high cost pressure. Further, measures to reduce exhaust pollutant emissions have detrimental effects on vehicle fuel economy which drives additional technology cost to maintain fuel economy.

In the long-term, notwithstanding the already low vehicle emissions in Europe, regulatory discussions in Europe are expected to continue. Regulators will continue to refine the testing requirements addressing issues such as test cycle, durability, OBD, in-service conformity and off-cycle emissions.

International Operations

Within the Asia Pacific region, our vehicles are subject to a broad range of vehicle emission laws and regulations. China has implemented European standards, with Euro 4 standards first applied in Beijing in 2008. Shanghai implemented Euro 4 standards with European OBD requirements for newly registered vehicles in November 2009 and other cities are expected to implement the same standards for newly registered vehicles in 2010. China plans to implement Euro 4 standards nationwide beginning in July 2010 for new vehicle type approvals and beginning in July 2011 for newly registered vehicles. Since January 2009 South Korea has implemented the CARB emission Fleet Average System with different application timings and levels of nonmethanic organic gas targets for gasoline and liquefied petroleum gas powered vehicles. In September 2009 South Korea implemented Euro 5 standards for diesel powered vehicles. South Korea has adopted CARB standards for gasoline powered vehicles and EU regulations for diesel powered vehicles for OBD and evaporative emissions. The Association of Southeast Asian Nations (ASEAN) Committee has agreed that the major ASEAN countries Thailand, Malaysia, Indonesia, Philippines and Singapore will implement Euro 4 standards in 2012, although implementation of OBD requirements is still under study. In India, Bharat Stage IV emission standards will be required for new vehicle registrations in 11 major cities and Bharat Stage III emission standards will be required throughout India beginning in April 2010. Japan sets specific exhaust emission and durability standards, test methods and driving cycles. In Japan, OBD is required with both EU and U.S. OBD systems accepted. All other countries in which we conduct operations within the Asia Pacific region either require or allow some form of EPA, EU or UN ECE style emission regulations with or without OBD requirements.

Within the LAAM region, some countries follow the U.S. test procedures, standards and OBD requirements and some follow the EU test procedures, standards and OBD requirements with different levels of stringency. In terms of standards, Brazil implemented national LEV standards, L5, which preceded Tier 2 standards in the U.S., for passenger cars and light commercial vehicles in January 2009. Brazil has published new emission standards, L6, which are based on Euro 5 standards, for light diesel and gasoline vehicles. L6 standards for light diesel vehicles are to be implemented in January 2013, which mandate OBD requirements for light diesel vehicles in 2015. L6 standards for light gasoline vehicles are to be implemented in January 2014 for new types and January 2015 for all models. Argentina implemented Euro 4 standards starting with new vehicle registrations in January 2009 and is moving to Euro 5 standards in January 2012 for new vehicle types and January 2014 for all models. Chile currently requires Euro 3 standards for gasoline vehicles and Euro 4 standards for diesel vehicles and has proposed Euro 4 standards for gasoline vehicles beginning in September 2010 and Euro 5 standards for diesel vehicles beginning in September 2011. Other countries in the LAAM region either have some level of U.S. or EU standards or no standards at all.

Industrial Environmental Control

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. In connection with the 363 Sale we have assumed various stages of investigation for sites where contamination has been alleged and a number of remediation actions to clean up hazardous wastes as required by federal and state laws. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability, as well as liability for related damages to natural resources.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. Environmental reserves are recorded when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. This practice is followed whether the claims are asserted or unasserted. The amounts of current reserves are expected to be paid out over the periods of remediation for the applicable sites, which typically range from two to 30 years.

The following table summarizes the expenses for site remediation actions, including ongoing operations and maintenance (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Site remediation expenses	$ 3	$ 34	$ 94	$ 104

It is possible that such remediation actions could require average annual expenditures of $30 million over the next five years.

Remediation costs and other damages for which we ultimately may be responsible are not reasonably estimable because of uncertainties with respect to factors such as our connection to the site or to materials located at the site, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation). As a result, we are unable to determine or reasonably estimate the amount of costs or other damages for which we are potentially responsible in connection with these sites, although that total could be substantial.

To mitigate the effects our worldwide facilities have on the environment we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. Landfill-free facilities send no waste to landfills, waste is either recycled or used to create energy. As part of Old GM's commitment to reduce the effect its worldwide facilities had on the environment, Old GM had committed to convert half of its major global manufacturing operations to landfill-free facilities by 2010. This landfill-free strategy translated, on an individual facility basis, to more than 70 of Old GM's manufacturing operations worldwide. At July 10, 2009 we had acquired, in connection with the 363 Sale, 56 landfill-free manufacturing facilities worldwide. At our landfill-free facilities, 97% of waste materials are recycled or reused and 3% is converted to energy at waste-to-energy facilities. We estimate that over 2 million tons of waste materials were recycled or reused by us and Old GM in 2009 and estimate that 41,000 tons of waste materials from us and Old GM in 2009 were converted to energy at waste-to-energy facilities. These numbers will increase as additional manufacturing sites reach landfill-free status.

We currently have not announced publicly any future targets to reduce CO_2 emission levels from our worldwide facilities; however, we are continuing to make significant progress in further reducing CO_2 emission levels. Seven of our facilities in Europe are included in and comply with the European Emissions Trading Scheme, which is being implemented to meet the European Community's greenhouse gas reduction commitments under the Kyoto Protocol. We and Old GM reported in accordance with the Global Reporting Initiative, the Carbon Disclosure Project, the EPA Climate Leaders Program and the Department of Energy (DOE) 1605(b) program since their inception. We are implementing and publicly reporting on various voluntary initiatives to reduce energy consumption and greenhouse gas emissions from our worldwide operations. In 2005 Old GM had a 2010 target of an 8% reduction in CO_2 emissions from its worldwide facilities compared to Old GM's worldwide facilities 2005 emission levels. By 2008 Old GM had exceeded this target by reducing CO_2 emissions from its worldwide facilities by 20% compared to 2005 levels.

Automotive Fuel Economy

North America

The 1975 Energy Policy and Conservation Act (EPCA) provided for average fuel economy requirements for fleets of passenger cars built for the 1978 model year and thereafter. For the 2009 model year, our and Old GM's domestic passenger car fleet achieved a Corporate Average Fuel Economy (CAFE) of 31.1 mpg, which exceeded the standard of 27.5 mpg. The estimated CAFE for our 2010 model year domestic passenger cars is 30.3 mpg, which would also exceed the 27.5 mpg standard applicable for that model year.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Cars that are imported for sale in the U.S. are accounted for separately. For our and Old GM's imported passenger cars, the 2009 model year CAFE was 30.3 mpg, which exceeded the requirement of 27.5 mpg. The estimated CAFE for our 2010 model year imported passenger cars is 34.5 mpg, which would also exceed the applicable requirement.

Fuel economy standards for light-duty trucks became effective in 1979. Starting with the 2008 model year, the National Highway Traffic Safety Administration (NHTSA) implemented substantial changes to the structure of the truck CAFE program, including reformed standards based upon truck size. Under the existing truck rules, reformed standards are optional for the 2008 through 2010 model years. Old GM chose to comply with these optional reform-based standards beginning with the 2008 model year. Our and Old GM's light-duty truck CAFE performance for the 2009 model year was 23.7 mpg, which exceeds our and Old GM's reformed requirement of 22.5 mpg. Our projected reform standard for light-duty trucks for the 2010 model year is 22.9 mpg and our projected performance under this standard is 23.7 mpg.

In 2007 Congress passed the Energy Independence and Security Act, which directed NHTSA to modify the CAFE program. Among the provisions in the new law was a requirement that fuel economy standards continue to be set separately for cars and trucks that combined would increase to at least 35.0 mpg by 2020.

In addition, California has passed legislation (AB 1493) requiring the CARB to regulate greenhouse gas emissions from vehicles (which is the same as regulating fuel economy). This California program is currently established for the 2009 through 2016 model years. California needed a federal waiver to implement this program and was granted this waiver on June 30, 2009.

Further, in response to a U.S. Supreme Court decision, the EPA was directed to establish a new program to regulate greenhouse gas emissions for vehicles under the Clean Air Act. As a result, in September 2009 the EPA and the NHTSA issued a joint proposal to establish a coordinated national program consisting of new requirements for model year 2012 through 2016 light-duty vehicles that will reduce greenhouse gas emissions under the Clean Air Act and improve fuel economy pursuant to the CAFE standards under the EPCA. These reform-based standards will apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles (collectively, light-duty vehicles) built in model years 2012 through 2016. The rule is to be finalized by April 2010. Our current product plan projects compliance with the federal and California programs through 2016.

CARB has agreed that compliance with the EPA's greenhouse gas emission standards will be deemed compliant with the AB 1493 standards for 2012 through 2016 model years. In the meantime, California's program to regulate vehicle greenhouse gases is in effect for the 2009-2011 model years. The following table illustrates California's program compliance standards and our projected compliance (in grams per mile CO_2-equivalent):

	2009 Model Year		2010 Model Year		2011 Model Year	
	Standard	Combined GM and Old GM	Standard	GM(a)	Standard	GM(a)
Passenger car and light-duty truck 1 fleet	323	292	301	303	267	290
Light–duty truck 2 + medium-duty passenger vehicle fleet	439	413	420	387	390	394

(a) Our performance projections for the 2010 model year for the passenger car and light-duty truck 1 fleet as well as both fleets for the 2011 model year are projected to be more than the standard. We are still projecting compliance due to the allowed use of credits earned in previous years.

Europe

In Europe, the EU passed legislation in December 2008 to regulate CO_2 emissions beginning in 2012. Based on a target function of CO_2 to vehicle weight, each manufacturer must meet a specific target based on the CO_2 target value on this curve for each vehicle it sells, but with the ability to average across its fleet in each year. This requirement will be phased in with 65% of vehicles sold in 2012 required to meet this target, 75% in 2013, 80% in 2014 and 100% in 2015 and beyond. Automobile manufacturers can earn super-credits under this legislation for the sales volume of vehicles having a specific CO_2 value of less than 50 grams CO_2. This is intended to encourage the early introduction of ultra-low CO_2 vehicles such as the Chevrolet Volt and Opel/Vauxhall Ampera by providing an

Table of Contents

additional incentive to reduce the CO_2 fleet average. Automobile manufacturers may gain credit of up to 7 grams for eco-innovations for those technologies which improve real-world fuel economy but may not show in the test cycle, such as solar panels on vehicles. There is also a 5% credit for E85 flexible-fuel vehicles if more than 30% of refueling stations in an EU member state sell E85. Further regulatory detail is being developed in the comitology process, which develops the detail of the regulatory requirements through a process involving the European Commission and member states. The legislation sets a target of 95 grams per kilometer CO_2 for 2020 with an impact assessment required to further assess and develop this requirement. We have developed a compliance plan by adopting operational CO_2 targets for each market entry in Europe.

In October 2009 the EU Commission adopted a proposal to regulate CO_2 emissions from light commercial vehicles. The proposal is modeled after the CO_2 regulation for passenger cars. It proposes that new light commercial vehicles meet a fleet average CO_2 target of 175 grams per kilometer CO_2 with a phase-in of compliance beginning with 75% of new light commercial vehicles by 2014, 80% by 2015 and 100% compliance by 2016. The manufacturer-specific CO_2 compliance target will be determined as a function of vehicle curb mass. Flexibilities, such as eco-innovations and super credits, are part of the regulatory proposal as well. A long-term target for 2020 of 135g/km has been also proposed, to be confirmed after an impact assessment in 2013. We are currently making an assessment of the effect of the proposal on our fleet of light commercial vehicles. The EU Commission's proposal will now go through the legislative process with the European Parliament and European Council, during which we expect some modifications to be adopted.

A regulation has been adopted that will require low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators by 2012. An additional regulation has been adopted that will require labeling of tires for noise, fuel efficiency and rolling resistance, affecting vehicles at sale as well as the sale of tires in the aftermarket. Further, there are plans to introduce regulatory proposals regarding energy efficiency of air conditioning systems and fuel economy meters.

Sixteen EU member states have introduced CO_2 based vehicle taxation schemes. Tax measures are within the jurisdiction of the EU member states. We are faced with significant challenges relative to the predictability of future tax laws and differences in the tax schemes and thresholds.

International Operations

In the Asia Pacific region, we face new or increasingly more stringent fuel economy standards. In China, Phase 3 fuel economy standards are under development and may move from a vehicle pass-fail system to a corporate fleet average scheme. Phase 3 fuel economy standards are expected to increase by 15% to 20% from the current Phase 2 targets and implementation is expected to begin in 2012. Phase 2 currently allows some relief for certain vehicle types and vehicles with automatic transmissions. It is unclear at this time if that relief will be carried over in Phase 3. In Korea, new fuel economy/CO_2 targets were announced last year as part of the government's low carbon/green growth strategy. These targets are planned to be set at levels more stringent than fuel economy/CO_2 targets in the U.S., but less stringent than fuel economy/CO_2 targets in Europe. Phase-in is expected to begin in 2012 and finish in 2015 with manufacturers having the option to certify either on a fuel consumption basis or a CO_2 emissions basis. Each manufacturer will be given a corporate target to meet based on an overall industry fleet fuel economy/CO_2 average. Other aspects of the program being considered include credits, incentives, and penalties. Legislation of the new standard is expected to be completed by the end of 2010. In Australia the government is conducting an assessment of possible vehicle fuel efficiency measures including shifting from voluntary to mandatory standards and how any such move would align with the government's policy response to climate change. Before the government makes any decisions on additional fuel efficiency measures, it will conduct an industry consultation. For the first time, India is expected to establish fuel economy norms based on weight and measured in CO_2 emissions that will become mandatory sometime in 2011. Final targets and labeling requirements are still to be determined. In April 2009 automobile manufacturers in India began to voluntarily declare the fuel economy of each vehicle at the point of sale.

In Brazil, governmental bodies and the Brazilian automobile makers association established, in 2009, a national voluntary program for evaluation and labeling of light passenger and commercial vehicles equipped with internal combustion engines. This voluntary program aims to increase vehicles energy efficiency by labeling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions. We are and Old GM was engaged in this program along with other leading car manufacturers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Chemical Regulations

North America

Several states have introduced legislation related to green chemistry and product stewardship initiatives. These initiatives would give states broad regulatory authority in relation to the use of certain chemical substances and potentially affect a manufacturer's vehicle life-cycle responsibilities. For example, we expect California's Green Chemistry regulations to be finalized at the end of 2010. Currently, vehicles are not included in the scope of the regulations; however, if vehicles are included in future revised regulations it could lead to increased product complexity and cost.

Europe

In June 2007 the EU implemented its regulatory requirements to register, evaluate, authorize and restrict the use of chemical substances (REACH). The regulation deals with chemical substances produced with a production volume of one ton or more per year are required to be registered with a new European Chemicals Agency. During REACH's pre-registration phase, Old GM and our suppliers registered those substances identified by the regulation. REACH is to be phased in over a 10 year period from the implementation date. During the implementation phase, REACH will require ongoing action from us, Original Equipment Manufacturers (OEM), our suppliers and other suppliers in the supply chain. Under REACH, substances of very high concern may require authorization for further use and may also be restricted in the future, which could increase the cost of certain substances that are used to manufacture vehicles and parts. In addition, our research and development initiatives may be diverted to address future REACH requirements. We are continually monitoring the implementation of REACH and its effect on our suppliers and the automotive industry to maintain compliance.

Safety

New vehicles and equipment sold in the U.S. are required to meet certain safety standards promulgated by the NHTSA. The National Traffic and Motor Vehicle Safety Act of 1966 authorized the NHTSA to determine these standards and the schedule for implementing them. In addition, in the case of a vehicle defect that creates an unreasonable risk to motor vehicle safety or does not comply with a safety standard, the National Traffic and Motor Vehicle Safety Act of 1966 generally requires that the manufacturer notify owners and provide a remedy. The Transportation Recall Enhancement, Accountability and Documentation Act requires us to report certain information relating to certain customer complaints, warranty claims, field reports and lawsuits in the U.S. and fatalities and recalls outside the U.S.

We are subject to certain safety standards and recall regulations in the markets outside the U.S. in which we operate. These standards often have the same purpose as the U.S. standards, but may differ in their requirements and test procedures. From time to time, other countries pass regulations which are more stringent than U.S. standards. Most countries require type approval while the U.S. and Canada require self-certification.

Vehicular Noise Control

Vehicles we manufacture and sell may be subject to noise emission regulations.

In the U.S., passenger cars and light-duty trucks are subject to state and local motor vehicle noise regulations. We are committed to designing and developing our products to meet these noise regulations. Since addressing different vehicle noise regulations established in numerous state and local jurisdictions is not practical, we attempt to identify the most stringent requirements and validate to those requirements. In the rare instances where a state or local noise regulation is not covered by the composite requirement, a waiver of the requirement is requested and to date no significant cost has resulted from such a request. Medium to heavy-duty trucks are regulated at the federal level. Federal truck regulations preempt all United States state or local noise regulations for trucks over 10,000 lbs. gross vehicle weight rating.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Outside the U.S., noise regulations have been established by authorities at the national and supranational level (e.g., EU or UN ECE for Europe). We believe that our vehicles meet all applicable noise regulations in the markets where they are sold.

While current noise emission regulations serve to regulate maximum allowable noise levels, proposals have been made to regulate minimum noise levels. These proposals stem from concern that vehicles that are relatively quiet, specifically hybrids, may not be heard by the sight-impaired. We are committed to design and manufacture vehicles to comply with potential noise emission regulations that may come from these proposals.

Potential Effect of Regulations

We have established aggressive near-term and long-term plans to develop and bring to market technologies designed to further reduce emissions, mitigate remediation expenses related to environmental liabilities, improve fuel efficiency, monitor and enhance the safety features of our vehicles and provide additional value and benefits to our customers. This is illustrated by our commitment to marketing more hybrid vehicles, our accelerated commitment to develop electrically powered vehicles, our use of biofuels in our expanded portfolio of flexible-fuel vehicles and enhancements to conventional internal combustion engine technology have contributed to the fuel efficiency of our vehicles. In addition, the conversion of many of our manufacturing facilities to landfill-free status has shown our commitment to mitigate potential environmental liability. We believe that the development and global implementation of new, cost-effective energy technologies in all sectors is the most effective way to improve energy efficiency, reduce greenhouse gas emissions and mitigate environmental liabilities.

Despite these advanced technology efforts, our ability to satisfy fuel economy and CO_2 requirements is contingent on various future economic, consumer, legislative and regulatory factors that we cannot control and cannot predict with certainty. If we are not able to comply with specific new fuel economy requirements, which include higher CAFE standards and state CO_2 requirements such as those imposed by the AB 1493 Rules, then we could be subject to sizeable civil penalties or have to restrict product offerings drastically to remain in compliance. Environmental liabilities, which we may be responsible for, are not reasonably estimable and could be substantial. In addition, violations of safety standards could result in the recall of one or more of our products. In turn, any of these actions could have substantial adverse effects on our operations, including facility idling, reduced employment, increased costs and loss of revenue.

Pension Legislation

We are subject to a variety of federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. The Pension Protection Act of 2006 is designed, among other things, to more appropriately reflect the value of pension assets and liabilities to determine funding requirements. Under the Pension Protection Act of 2006 we expect there will be no cash funding requirement for our U.S. hourly and salaried pension plans in 2010. We remeasure our U.S. pension plans at the end of each year and for significant plan amendments, benefit modifications and related events. Based on preliminary asset returns, the year-to-date discount rate, assuming interest rates remain at current levels and pension fund assets earn 8.5% annually going forward, we may need to make significant contributions to the U.S. pension plans in 2013 and beyond. We are currently analyzing our pension funding strategies. We also maintain pension plans for employees in a number of countries outside the U.S., which are subject to local laws and regulations.

Export Control

We are subject to U.S. export control laws and regulations, including those administered by the U.S. Departments of State, Commerce, and Treasury. In addition, most countries in which we do business have applicable export controls. Our Office of Export Compliance and global Export Compliance Officers are responsible for working with our business units to ensure compliance with these laws and regulations. Non-U.S. export controls are likely to become increasingly significant to our business as we develop our research and development operations on a global basis. If we fail to comply with applicable export compliance regulations, we and our employees could be subject to criminal and civil penalties and, under certain circumstances, loss of export privileges and debarment from doing business with the U.S. government and the governments of other countries.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Significant Transactions

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 50 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 91 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, under the terms of the Purchase Agreement, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price.

At July 10, 2009 we accrued $113 million in Other liabilities and deferred income taxes related to this contingent obligation.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment, reducing the UST Loans principal balance to $6.7 billion. An amendment to the UST Credit Agreement, as subsequently discussed, provides for quarterly payments of $1.0 billion beginning in December 2009. At March 31, 2010 the first two quarterly payments have been made reducing the UST Loans principal balance to $4.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the UAW Retiree Medical Benefits Trust (New VEBA).

We are required to prepay the UST Loans, VEBA Notes and Canadian Loan (as subsequently defined), in certain cases on a pro rata basis, in an amount equal to the net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We can voluntarily repay all or a portion of the UST Loans or VEBA Notes at any time. Once repaid, we cannot reborrow under the UST Credit Agreement.

The obligations under the UST Credit Agreement and the VEBA Note Agreement are secured by substantially all of our assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

Table of Contents

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow and will be distributed to us at our request if the following conditions are met: (1) the representations and warranties we made in the loan documents are true and correct in all material respects on the date of our request; (2) we are not in default on the date of our request taking into consideration the amount of the withdrawal request; and (3) the UST, in its sole discretion, approves the amount and intended use of the requested disbursement. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and the Canadian Loan on a pro rata basis. Any proceeds remaining in the escrow account after the UST Loans and the Canadian Loan are repaid in full shall be returned to us.

On July 10, 2009 through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan). An amendment to the UST Credit Agreement provides for quarterly payments of $192 million beginning December 2009. At March 31, 2010 the first two quarterly payments had been made reducing the Canadian Loan principal balance to $1.0 billion.

GMCL may voluntarily repay the Canadian Loan in whole or in part at any time. Once repaid, GMCL cannot reborrow under the Canadian Loan Agreement. We and 1908 Holdings Ltd., Parkwood Holdings Ltd., and GM Overseas Funding LLC, each of which is a Subsidiary Guarantor of GMCL, have guaranteed the Canadian Loan. Our guarantee of GMCL's obligations under the Canadian Loan Agreement is secured by a lien on the equity of GMCL. Because 65% of our ownership interest in GMCL was previously pledged to secure the obligations under the UST Credit Agreement and the VEBA Note Agreement, EDC received a first priority lien on 35% of our equity interest in GMCL and a second priority lien on the remaining 65%. With certain exceptions, GMCL's obligations under the Canadian Loan Agreement are secured by a first lien on substantially all of its and the Subsidiary Guarantors' assets, including GMCL's ownership interests in the Subsidiary Guarantors and a portion of GMCL's equity interests in General Motors Product Services Inc., a subsidiary of ours.

In November 2009 we signed amendments to the UST Credit Agreement and the Canadian Loan Agreement to provide for quarterly repayments of the UST Loans and Canadian Loan. Under these amendments, we agreed to make quarterly payments of $1.0 billion and $192 million to the UST and EDC, which began in the fourth quarter of 2009. Upon making such payments, equivalent amounts were released to us from escrow. In the event of an initial public offering of our equity, this payment schedule would be suspended. The remaining terms would remain unchanged versus the original agreement. Any funds remaining in our escrow account after repayment of the loans will be released to us.

Agreement with Delphi Corporation

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities have been retained by a Delphi entity (DPH) to be sold or liquidated. In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the agreement, as more fully described in Note 5 to the consolidated financial statements. Refer to "Item 7 — Management's Discussion and Analysis of Financial Condition and Results of Operations — Strategic Initiatives — Delphi Master Disposition Agreement" for a description of the terms of the DMDA and related agreements.

Holding Company Merger

On October 19, 2009 we completed our holding company merger to implement a new holding company structure that is intended to provide greater financial and organizational flexibility. In connection with the merger, all of the outstanding shares of common stock and Series A Preferred Stock in our previous legal entity were exchanged on a one-for-one basis for new shares of our common stock and Series A Preferred Stock. These new securities have the same economic terms and provisions as the securities for which they were exchanged and are held by our securityholders in the same class evidencing the same proportional interest in us as the securityholders held prior to the exchange.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In addition, in connection with the merger we entered into amended and restated warrant agreements and a Stockholders Agreement dated as of October 15, 2009, which are substantially identical to our prior warrant agreements and Stockholders Agreement dated as of July 10, 2009, respectively. Also in connection with the merger, GMCL entered into an amendment (Canadian Loan Amendment) to the Canadian Loan Agreement and we entered into an assignment and assumption agreement and amendment to the UST Credit Agreement and an assignment and assumption agreement and amendment to the VEBA Note Agreement. Refer to “Market for the Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities — Recent Sales of Unregistered Securities” for a further discussion on the merger.

Employees

At December 31, 2009 we employed 217,000 employees, of whom 151,000 (70%) were hourly employees and 66,000 (30%) were salaried employees. The following table summarizes employment by segment (in thousands):

	Successor	Predecessor	
	Year Ended December 31,	Years Ended December 31,	
	2009	2008	2007
GMNA(a)	102	116	139
GMIO	61	70	68
GME	53	55	57
Corporate	1	2	2
Total Worldwide	217	243	266
U.S. — Salaried(a)(b)(d)	26	29	34
U.S. — Hourly(a)(c)	51	62	78

(a) Includes additional 11,000 employees due to the acquisition of Nexteer and four domestic facilities from Delphi on October 6, 2009, of which 2,000 are U.S. salaried employees, 5,000 are U.S. hourly employees and 4,000 are employees located outside the U.S.

(b) 5,000 U.S. salaried employees irrevocably accepted the 2009 Salaried Window Program (a voluntary program, subject to management approval, to reduce salaried headcount based on individual eligibility and employees elections made) option or the GM severance program option.

(c) 13,000 U.S. hourly employees elected to participate in Old GM’s 2009 Special Attrition Programs, which were introduced in February and June of 2009 and offered cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

(d) Includes employees in GMNA and Corporate.

Refer to Note 19 to the consolidated financial statements for additional information on our salaried and hourly severance programs.

At December 31, 2009 52,000 of our U.S. employees (or 67%) were represented by unions, of which 50,000 employees were represented by the UAW. In addition, many of our employees outside the U.S. were represented by various unions. At December 31, 2009 we had 388,000 U.S. hourly and 118,000 U.S. salaried retirees, surviving spouses and deferred vested participants.

Segment Reporting Data

Operating segment and principal geographic area data for July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007 are summarized in Note 33 to the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Website Access to Our Reports

Our internet website address is www.gm.com.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, (Exchange Act) are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission (SEC).

In addition to the information about us and our subsidiaries contained in this 2009 Form 10-K, extensive information about us can be found on our website, including information about our management team, our brands and products and our corporate governance principles.

The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements, and other information. The address of the SEC's website is www.sec.gov.

* * * * * * *

Item 1A. ***Risk Factors***

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by the factors described below.

While we describe each risk separately, some of these risks are interrelated and certain risks could trigger the applicability of other risks described below. Also, the risks and uncertainties described below are not the only ones that we may face. Additional risks and uncertainties not presently known to us, or that we currently do not consider significant, could also potentially impair, and have a material adverse effect on, our business, results of operations and financial condition.

Our business is highly dependent on sales volume. Global vehicle sales have declined significantly from their peak levels and there is no assurance that the global automobile market will recover in the near future or that it will not suffer a significant further downturn.

Our business and financial results are highly sensitive to sales volume, as demonstrated by the effect of sharp declines in vehicle sales in the U.S. since 2007 and globally since 2008 on our business. Vehicle sales in the U.S. have fallen significantly on an annualized basis since their peak in 2007, and sales globally have shown steep declines on an annualized basis since their peak in January 2008. The deteriorating economic and market conditions that have driven the drop in vehicle sales, including declines in real estate and equity values, rising unemployment, tightened credit markets, depressed consumer confidence and weak housing markets, may not improve significantly during 2010 and may continue past 2010 and could deteriorate further. Although vehicle sales began to recover in the last quarter of 2009 and we expect that they will continue to recover in 2010, there is no assurance that any recovery in vehicle sales will continue. Further, sales volumes may decline more severely or take longer to recover than we expect, and if they do, our results of operations and financial condition will be materially adversely affected.

Our ability to attract a sufficient number of consumers to consider our vehicles particularly our new products, including cars and crossover vehicles, is essential.

Our ability to achieve long-term profitability depends on our ability to entice consumers to consider our products when purchasing a new vehicle. The automotive industry, particularly in the U.S., is very competitive and our competitors have been very successful in persuading customers that previously purchased our products to purchase their vehicles instead as is reflected by our loss of market

Table of Contents

share over the past three years. We believe that this is due, in part, to a negative public perception of our products in relation to those of some of our competitors. Changing this perception will be critical. If we are unable to change public perception of our company and products, particularly our new products, including cars and crossovers, our results of operations and financial condition could be materially adversely affected.

Our continued ability to achieve cost reductions and to realize production efficiencies for our automotive operations is critical to our ability to return to profitability.

We are continuing to implement a number of cost reduction and productivity improvement initiatives in our automotive operations, including substantial restructuring initiatives for our North American operations. Our future competitiveness depends upon our continued success in implementing these restructuring initiatives throughout our automotive operations, especially in North America. In addition, while some of the elements of cost reduction are within our control, others such as interest rates or return on investments, which influence our expense for pensions, depend more on external factors, and there can be no assurance that such external factors will not materially adversely affect our ability to reduce our structural costs. Reducing costs may prove difficult due to our focus on increasing advertising and our belief that engineering expenses necessary to improve the performance, safety, and customer satisfaction of our vehicles are likely to increase.

The ability of our new executive management team to quickly learn the automotive industry and lead our company will be critical to our ability to succeed.

During the last six months we have substantially changed our executive management team. We have appointed a new Chief Executive Officer and a new Chief Financial Officer, both of whom have no outside automotive industry experience. We have also promoted from within many new senior officers in areas ranging from marketing to engineering. It is important to our success that the new members of the executive management team quickly understand the automotive industry and that our senior officers quickly adapt and excel in their new senior management roles. If they are unable to do so, and as a result are unable to provide effective guidance and leadership, our business and financial results could be materially adversely affected.

Failure of our suppliers, due to difficult economic conditions affecting our industry, to provide us with the systems, components and parts that we need to manufacture our automotive products and operate our business could result in a disruption in our operations and have a material adverse effect on our business.

We rely on many suppliers to provide us with the systems, components and parts that we need to manufacture our automotive products and operate our business. In recent years, a number of these suppliers have experienced severe financial difficulties and solvency problems, and some have sought relief under the Bankruptcy Code or similar reorganization laws. This trend intensified in 2009 due to the combination of general economic weakness, sharply declining vehicle sales and tightened credit availability that has affected the automotive industry generally. Suppliers may encounter difficulties in obtaining credit or may receive an opinion from their independent public accountants regarding their financial statements that includes a statement expressing substantial doubt about their ability to continue as a going concern, which could trigger defaults under their financings or other agreements or impede their ability to raise new funds.

When comparable situations have occurred in the past, suppliers have attempted to increase their prices, pass through increased costs, alter payment terms or seek other relief. In instances where suppliers have not been able to generate sufficient additional revenues or obtain the additional financing they need to continue their operations, either through private sources or government funding, which may not be available, some have been forced to reduce their output, shut down their operations or file for bankruptcy protection. Such actions would likely increase our costs, create challenges to meeting our quality objectives and in some cases make it difficult for us to continue production of certain vehicles. To the extent we take steps in such cases to help key suppliers remain in business, our liquidity would be adversely affected. It may also be difficult to find a replacement for certain suppliers without significant delay.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Increase in cost, disruption of supply or shortage of raw materials could materially harm our business.

We use various raw materials in our business including steel, non-ferrous metals such as aluminum and copper and precious metals such as platinum and palladium. The prices for these raw materials fluctuate depending on market conditions. In recent years, freight charges and raw material costs increased significantly. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our profitability if we cannot recoup the increased costs through vehicle prices. In addition, some of these raw materials, such as corrosion-resistant steel, are only available from a limited number of suppliers. We cannot guarantee that we will be able to maintain favorable arrangements and relationships with these suppliers. An increase in the cost or a sustained interruption in the supply or shortage of some of these raw materials, which may be caused by a deterioration of our relationships with suppliers or by events such as labor strikes, could negatively affect our net revenues and profitability to a material extent.

The pace of introduction and market acceptance of new vehicles is important to our success and the frequency of new vehicle introductions may be materially adversely affected by reductions in capital expenditures.

Our competitors have introduced new and improved vehicle models designed to meet consumer expectations, and will continue to do so. Our profit margins, sales volumes and market shares may decrease if we are unable to produce models that compare favorably to these competing models. If we are unable to produce new and improved vehicle models on a basis competitive with the models introduced by our competitors, demand for our vehicles may be materially adversely affected. Further, the pace of our development and introduction of new and improved vehicles depends on our ability to successfully implement improved technological innovations in design, engineering and manufacturing, which requires extensive capital investment. Any capital expenditure cuts in this area that we may determine to implement in the future to reduce costs and conserve cash could reduce our ability to develop and implement improved technological innovations, which may materially reduce demand for our vehicles.

Inadequate cash flow could materially adversely affect our business operations in the future.

We will require substantial liquidity to implement long-term cost savings and restructuring plans, satisfy our obligations under the UST Credit Agreement, continue capital spending to support product programs and development of advanced technologies, and meet scheduled term debt and lease maturities, in each case as contemplated by our business plan. If our cash levels approach the minimum cash levels necessary to support our normal business operations, we may be forced to borrow additional funds at rates that may not be favorable, curtail capital spending, and reduce research and development and other programs that are important to the future success of our business. If this were to happen, our need for cash would be intensified.

Although we believe that the funding we received in connection with our formation and our purchase of substantially all of MLC’s assets provides us with sufficient liquidity to operate our business in the near-term, our ability to maintain adequate liquidity in the medium- and long-term will depend significantly on the volume, mix and quality of vehicle sales and the continuing curtailment of operating expenses. Our liquidity needs are sensitive to changes in each of these and other factors.

As part of our business plan, we have reduced compensation for our most highly paid executives and have reduced the number of our management and non-management salaried employees, and these actions may materially adversely affect our ability to hire and retain salaried employees.

As part of the cost reduction initiatives in our business plan, and pursuant to the direction of the Special Master for TARP Executive Compensation we have imposed salary reductions on our most highly paid executives, and reduced benefits to a level that we believe is significantly lower than offered by other major corporations. Furthermore, the UST Credit Agreement restricts the compensation that we can provide to our top executives and prohibits certain types of compensation or benefits for any employees. At the same time, we have substantially decreased the number of salaried employees so that the workload is shared among fewer employees and in general the demands on each salaried employee are increased. Companies in similar situations have experienced significant difficulties in hiring and retaining highly skilled employees, particularly in competitive specialties. Given our compensation structure and increasing job demands, there is no assurance that we will be able to hire and retain the employees whose expertise is required to execute our business plan while at the same time developing and producing vehicles that will stimulate demand for our products.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our plan to reduce the number of our retail channels and core brands and to consolidate our dealer network is likely to reduce our total sales volume, may not create the cost savings we anticipate and is likely to result in restructuring costs that may materially adversely affect our results of operations.

As part of our business plan, we will focus our resources in the U.S. on our four core brands: Chevrolet, Cadillac, Buick and GMC. We completed the sale of Saab in February 2010, and the current business plan also provides for the resolution of HUMMER in 2010. In conjunction with these brand eliminations, there is no planned investment for Pontiac, and therefore the brand will be phased out by the end of 2010. We will also be winding down the Saturn brand and dealership networks in accordance with the deferred termination agreements that Saturn dealers have signed with us. We also intend to consolidate our dealer network by reducing the total number of our U.S. dealers to approximately 3,600 to 4,000 in the long term. We anticipate that this reduction in retail outlets, core brands and dealers will result in costs savings over time, but there is no assurance that we would realize the savings expected. Based on our experience and the experiences of other companies that have eliminated brands, models and/or dealers, we believe that our market share could decline because of these reductions. In addition, executing the phase-out of retail channels and brands and the reduction in the number of our dealers will require us to terminate established business relationships. There is no assurance that we will be able to terminate all of these relationships, and if we are not able to terminate substantially all of these relationships we would not be able to achieve all of the benefits we have targeted. In December 2009 President Obama signed legislation giving dealers access to neutral arbitration should they decide to contest the wind-down of their dealership. Under the terms of the legislation we have informed dealers as to why their dealership received a wind-down agreement. In turn, dealers were given a timeframe to file for reinstatement through the American Arbitration Association. Under the law, decisions in these arbitration proceedings must generally be made by June 2010 and are binding and final. We have sent letters to over 2,000 of our dealers explaining the reasons for their wind-down agreements and over 1,100 dealers have filed for arbitration. In response to the arbitration filings we reviewed each of the dealer reinstatement claims filed with the American Arbitration Association. Our review resulted in over 600 letters of intent sent to dealers, which upon compliance by the dealer, would result in reinstatement of the dealership. We anticipate that negotiating these terminations on an individual basis through binding arbitration will require considerable time and expense and we would be required to comply with a variety of national and state franchise laws, which will limit our flexibility and increase our costs. Given the pendency of the arbitration process and the anticipated cost of negotiating terminations on an individual basis if dealers are granted reinstatement it is impossible for us to know at this point how many dealers will be in our network long-term or the cost of restructuring our dealership network.

Our business plan contemplates that we restructure our operations in various European countries, but we may not succeed in doing so, and that could have a material adverse effect on our business.

Our business plan contemplates that we restructure our operations in various European countries and we are actively working to accomplish this. We continue to work towards a restructuring of our German and certain other European operations. We are engaging in discussions with certain European governments regarding financial support for our European operations. We cannot be certain that we will be able to successfully complete any of these restructurings. In addition, restructurings, whether or not ultimately successful, can involve significant expense and disruption to the business as well as labor disruptions, which can adversely affect the business. Moreover, our decision to restructure our European operations could require us to invest significant additional funds particularly if we are unable to obtain financial support from European governments. We cannot assure you that any of our contemplated restructurings will be completed or achieve the desired results, and if we cannot successfully complete such restructurings out of court, we may seek to, or the directors of the relevant entity may be compelled to, or creditors may force us to, seek relief under applicable local bankruptcy, reorganization, insolvency or similar laws, where we may lose control over the outcome of the restructuring process due to the appointment of a local receiver, trustee or administrator (or similar official) or otherwise and which could result in a liquidation and us losing all or a substantial part of our interest in the business.

Continued limited availability of adequate financing on acceptable terms through GMAC or other sources to our customers and dealers, distributors and suppliers to enable them to continue their business relationships with us could materially adversely affect our business.

Our customers and dealers require financing to purchase a significant percentage of our global vehicle sales. Historically, GMAC has provided most of the financing for our dealers and a significant amount of financing for our customers. Due to conditions in credit markets particularly later in 2008, retail customers and dealers have experienced severe difficulty in accessing the credit markets. As a

Table of Contents

result, the number of vehicles sold or leased declined rapidly in the second half of 2008, with lease contract volume dropping significantly by the end of 2008. This had a significant effect on Old GM vehicle sales overall, since many of its competitors have captive finance subsidiaries that were better capitalized than GMAC during 2008 and 2009 and thus were able to offer consumers subsidized financing and leasing offers.

Similarly, the reduced availability of GMAC wholesale dealer financing (particularly in the second half of 2008), the increased cost of such financing and a limited availability of other sources of dealer financing due to the general weakness of the credit market, has caused and may continue to cause dealers to modify their plans to purchase vehicles from us.

Because of recent modifications to our commercial agreements with GMAC, GMAC no longer is subject to contractual wholesale funding commitments or retail underwriting targets. Therefore, there can be no assurance that GMAC will continue to provide adequate funding at competitive rates to ensure that financing for purchases of our vehicles by our dealers and customers will be consistent with the funding levels and competitive rates that have historically been available from GMAC.

The UST (or its designee) owns a controlling interest in us and its interests may differ from those of our other stockholders.

The UST beneficially owns a majority of our common stock on a fully diluted basis. As a result of its majority stock ownership interest and its role as a significant lender to us, the UST is able to exercise significant influence and control over our business if it elects to do so. This includes the ability to have significant influence and control over matters brought for a shareholder vote. To the extent the UST elects to exercise such influence or control over us, its interests (as a government entity) may differ from those of our other stockholders and it may influence matters including:

- The selection and tenure and compensation of our management;
- Our business strategy and product offerings;
- Our relationship with our employees, unions and other constituencies; and
- Our financing activities, including the issuance of debt and equity securities.

In the future we may also become subject to new and additional laws and government regulations regarding various aspects of our business as a result of participation in the TARP program and the U.S. government's ownership in (and financing of) our business. These regulations could make it more difficult for us to compete with other companies that are not subject to similar regulations. Refer to "Directors, Executive Officers and Corporate Governance — Stockholders Agreement" for further information.

The UST Credit Agreement and VEBA Note Agreement contain significant representations and affirmative and negative covenants that may restrict our ability and the ability of our subsidiaries to take actions management believes are important to our long-term strategy.

The UST Credit Agreement and VEBA Note Agreement contain representations and warranties, affirmative covenants requiring us to take certain actions and negative covenants restricting our ability to take certain actions. The affirmative covenants impose obligations on us with respect to, among other things, financial and other reporting to the UST (including periodic confirmation of compliance with certain expense policies and executive privileges and compensation requirements), use of proceeds of asset sales, maintenance of facility collateral and other property, payment of obligations, compliance with various restrictions on executive privileges and compensation and compliance with a corporate expense policy.

The negative covenants in the UST Credit Agreement generally apply to us and our U.S. subsidiaries that provided guarantees of our obligations under that agreement and restrict us with respect to, among other things, granting liens, distributions on capital stock, amendments or waivers of certain documents and entering into new indebtedness.

Compliance with the representations, warranties and affirmative and negative covenants contained in the UST Credit Agreement and VEBA Note Agreement could restrict our ability to take actions that management believes are important to our long-term

Table of Contents

strategy. If strategic transactions we wish to undertake are prohibited or inconsistent with, or detrimental to, our long-term viability, our ability to execute our long-term strategy could be materially adversely affected. In addition, monitoring and certifying our compliance with the UST Credit Agreement and VEBA Note Agreement requires a high level of expense and management attention on a continuing basis.

Even though we have made significant modifications to our obligations to the New VEBA, we are still obligated to contribute a significant amount of cash to fund the New VEBA in the future and cumulative dividends on the Series A Preferred Stock must be paid prior to any dividends or distributions to common stockholders.

Even though we have made significant modifications to our obligations to the New VEBA, we are still required to contribute a significant amount of cash to the New VEBA over a period of years. The amounts payable to the New VEBA include: (1) dividends payable on the 260 million shares of Series A Preferred Stock issued to the New VEBA in connection with the closing of the 363 Sale, which have a liquidation preference of $25.00 per share and accrue cumulative dividends at a rate equal to 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors (the UST and Canada Holdings hold an additional 100 million shares of Series A Preferred Stock); and (2) payments on the VEBA Notes in three equal installments of $1.4 billion on July 15, 2013, 2015 and 2017. On or after December 31, 2014, we may redeem, in whole or in part, the shares of Series A Preferred Stock at the time outstanding, at a redemption price per share equal to the sum of: (1) $25.00 per share; and (2) subject to limited exceptions, any accrued and unpaid dividends. There is no assurance that we will be able to obtain all of the necessary funding to fund our existing VEBA payment obligations on terms that will be acceptable to us. If we are unable to obtain funding from internal or external sources or some combination thereof on terms that are consistent with our business plan, we would have to delay, reduce or cancel other planned expenditures.

Our pension funding obligations may increase significantly due to weak performance of financial markets and its effect on plan assets.

Our future funding obligations for our U.S. defined benefit pension plans qualified with the IRS depends upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in government laws and regulations. Our employee benefit plans currently hold a significant amount of equity and fixed income securities. Due to Old GM's contributions to the plans and to the strong performance of these assets during prior periods, the U.S. hourly and salaried pension plans were consistently overfunded from 2005 through 2007, which allowed Old GM to maintain a surplus without making additional contributions to the plans. However, due to significant declines in financial markets and a deterioration in the value of our plan assets, as well as the coverage of additional retirees, including certain Delphi hourly employees, we may need to make significant contributions to our U.S. pension plans in 2013 and beyond. There is no assurance that interest rates will remain constant or that our pension fund assets can earn our assumed rate of 8.5% annually, and our actual experience may be significantly more negative.

If the market values of the assets held by our pension plans decline, our pension expenses would increase and, as a result, could materially adversely affect our financial position. Decreases in interest rates that are not offset by contributions and asset returns could also increase our obligations under such plans. In addition, if local legal authorities increase the minimum funding requirements for our pension plans outside the U.S., we could be required to contribute more funds, which would negatively affect our cash flow.

Despite the formation of our new Company, we continue to have indebtedness and other obligations. Our debt obligations together with our cash needs may require us to seek additional financing, minimize capital expenditures or seek to refinance some or all of our debt.

Despite the formation of our new Company, we continue to have indebtedness and other obligations. Our current and future indebtedness and other obligations could have several important consequences. For example, it could:

- Require us to dedicate a larger portion of our cash flow from operations than we currently do to the payment of principal and interest on our indebtedness and other obligations, which will reduce the funds available for other purposes such as product development;

Table of Contents

- Make it more difficult for us to satisfy our obligations;
- Make us more vulnerable to adverse economic and industry conditions;
- Limit our ability to withstand competitive pressures;
- Limit our ability to fund working capital, capital expenditures and other general corporate purposes;
- Make us more vulnerable to any continuing downturn in general economic conditions and adverse developments in our business; and
- Reduce our flexibility in responding to changing business and economic conditions.

Future liquidity needs may require us to seek additional financing, or minimize capital expenditures. There is no assurance that any of these alternatives would be available to us on satisfactory terms or on terms that would not require us to renegotiate the terms and conditions of our existing debt agreements.

Our planned investment in new technology in the future is significant and may not be funded at anticipated levels, and, even if funded at anticipated levels, may not result in successful vehicle applications.

We intend to invest significant capital resources to support our products and to develop new technology. In addition, we are committed to invest heavily in alternative fuel and advanced propulsion technologies between 2010 and 2012, largely to support our planned expansion of hybrid and electric vehicles, consistent with our announced objective of being recognized as the industry leader in fuel efficiency. Moreover, if our future operations do not provide us with the liquidity we anticipate, we may be forced to reduce, delay or cancel our planned investments in new technology.

In some cases, the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. For example, we have announced that we intend to produce by November 2010 the Chevrolet Volt, an electric car, which requires battery technology that has not yet proven to be commercially viable. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate or that we will be able to establish our right to these technologies. Moreover, our competitors and others are pursuing similar technologies and other competing technologies, in some cases with more money available, and there can be no assurance that they will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage.

New laws, regulations or policies of governmental organizations regarding increased fuel economy requirements and reduced greenhouse gas emissions, or changes in existing ones, may have a significant effect on how we do business.

We are affected significantly by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. We anticipate that the number and extent of these regulations, and the costs and changes to our product lineup to comply with them, will increase significantly in the future. In the U.S. and Europe, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy and energy security. These government regulatory requirements could significantly affect our plans for global product development and may result in substantial costs including civil penalties. They may also result in limits on the types of vehicles we sell and where we sell them, which can affect revenue.

CAFE provisions in the EISA mandate fuel economy standards beginning in the 2011 model year that would increase to at least 35 mpg by 2020 on a combined car and truck fleet basis, a 40% increase over current levels. In addition, California is implementing a program to regulate vehicle greenhouse gas emissions (AB 1493 Rules), and therefore will require increased fuel economy. This California program has standards currently established for the 2009 model year through the 2016 model year. Thirteen additional states and the Province of Quebec have also adopted the California greenhouse gas standards.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

On May 19, 2009 President Obama announced his intention for the federal government to implement a harmonized federal program to regulate fuel economy and greenhouse gases. He directed the EPA and the U.S. Department of Transportation (DOT) to work together to create standards through a joint rulemaking for control of emissions of greenhouse gases and for fuel economy. In the first phase, these standards would apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles built in model years 2012 through 2016. The CARB has agreed that compliance with EPA's greenhouse gas standards will be deemed compliance with the California greenhouse gas standards for the 2012 through 2016 model years. EPA and DOT issued their final rule to implement this new federal program on April 1, 2010. We have committed to work with EPA, the DOT, the states and other stakeholders in support of a strong national program to reduce oil consumption and address global climate change.

We are committed to meeting or exceeding these regulatory requirements, and our product plan of record projects compliance with the anticipated federal program through the 2016 model year. We expect that to comply with these standards we will be required to sell a significant volume of hybrid or electrically powered vehicles throughout the U.S., as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that we will be able to produce and sell vehicles that use such technologies at a competitive price, or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

In addition, the EU passed legislation in December 2008 to begin regulating vehicle carbon dioxide emissions beginning in 2012. The legislation sets a target of a fleet average of 95 grams per kilometer for 2020, with the requirements for each manufacturer based on the weight of the vehicles it sells. Additional measures have been proposed or adopted in Europe to regulate features such as tire rolling resistance, vehicle air conditioners, tire pressure monitors, gear shift indicators and others. At the national level, 16 EU Member States have adopted some form of carbon dioxide-based vehicle taxation system, which could result in specific market requirements for us to introduce technology earlier than is required for compliance with the EU emissions standards.

Other governments around the world, such as Canada, South Korea and China, are also creating new policies to address these same societal issues. As in the U.S., these government policies could significantly affect our plans for product development. Due to these regulations we could be subject to sizable civil penalties or have to restrict product offerings drastically to remain in compliance. Additionally, the regulations will result in substantial costs, which could be difficult to pass through to our customers, and could result in limits on the types of vehicles we sell and where we sell them, which could affect our operations, including facility closings, reduced employment, increased costs and loss of revenue.

We may be unable to qualify for federal funding for our advanced technology vehicle programs under Section 136 of the EISA or may not be selected to participate in the program.

The U.S. Congress provided the DOE with $25.0 billion in funding to make direct loans to eligible applicants for the costs of re-equipping, expanding, and establishing manufacturing facilities in the U.S. to produce advanced technology vehicles and components for these vehicles. Old GM submitted three applications for Section 136 Loans aggregating $10.3 billion to support its advanced technology vehicle programs prior to July 2009. Based on the findings of the President's Designee under the U.S. Treasury Loan Agreement in March 2009, the DOE determined that Old GM did not meet the viability requirements for Section 136 Loans.

On July 10, 2009 we purchased certain assets of Old GM pursuant to Section 363 of the Bankruptcy Code, including the rights to the loan applications submitted to the Advanced Technology Vehicle Manufacturing Incentive Program (ATVMIP). Further, we submitted a fourth application in August 2009. Subsequently, the DOE advised us to resubmit a consolidated application including all the four applications submitted earlier and also the Electric Power Steering project acquired from Delphi in October 2009. We submitted the consolidated application in October 2009, which requested an aggregate amount of $14.4 billion of Section 136 Loans. Ongoing product portfolio updates and project modifications requested from the DOE have the potential to reduce the maximum loan amount. To date, the DOE has announced that it would provide approximately $8.3 billion in Section 136 Loans to Ford Motor Company, Nissan Motor Company, Tesla Motors, Inc., Fisker Automotive, Inc., and Tenneco Inc. There can be no assurance that we will qualify for any remaining loans or receive any such loans even if we qualify.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

A significant amount of our operations are conducted by joint ventures that we cannot operate solely for our benefit.

Many of our operations, particularly in emerging markets, are carried on by joint ventures such as Shanghai GM. In joint ventures we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities or resources as we do. In general, joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes, our relationship may be materially adversely affected. In addition, the benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures.

Shortages of and volatility in the price of oil have caused and may continue to cause diminished profitability due to shifts in consumer vehicle demand.

Volatile oil prices in 2008 and 2009 contributed to weaker demand for some of Old GM's and our higher margin vehicles, especially our fullsize sport utility vehicles, as consumer demand shifted to smaller, more fuel-efficient vehicles, which provide lower profit margins and in recent years represented a smaller proportion of Old GM's and our sales volume in North America. Fullsize pick-up trucks, which are generally less fuel efficient than smaller vehicles, represented a higher percentage of Old GM's and our North American sales during 2008 and 2009 compared to the total industry average percentage of fullsize pick-up truck sales in those periods. Demand for traditional sport utility vehicles and vans also declined during the same periods. Any future increases in the price of oil in the U.S. or in our other markets or any sustained shortage of oil could further weaken the demand for such vehicles, which could reduce our market share in affected markets, decrease profitability and have a material adverse effect on our business.

We could be materially adversely affected by changes or imbalances in foreign currency exchange and other rates.

Because we sell products and buy materials globally over a significant period of time, we are exposed to risks related to the effects of changes in foreign currency exchange rates, commodity prices and interest rates, which can have material adverse effects on our business. In recent years, the relative weakness of certain currencies, including the Japanese Yen, has provided competitive advantages to certain of our competitors. While in recent months the Japanese Yen has strengthened significantly, its weakness in recent years has provided pricing advantages for vehicles and parts imported from Japan to markets with more robust currencies like the U.S. and Western Europe. Moreover, the relative strength of other currencies has negatively affected our business. For example, before the current financial crisis, the relative weakness of the British Pound compared to the Euro has had an adverse effect on our results of operations in Europe. In addition, in preparing our consolidated financial statements we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date. As a result, foreign currency fluctuations and the associated translations could have a material adverse effect on our results of operation.

Our businesses outside the U.S. expose us to additional risks that may materially adversely affect our business.

The majority of our vehicle sales are generated outside the U.S. We are pursuing growth opportunities for our business in a variety of business environments outside the U.S. Operating in a large number of different regions and countries exposes us to political, economic and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

- Foreign regulations restricting our ability to sell our products in those countries;
- Differing local product preferences and product requirements, including fuel economy, vehicle emissions and safety;
- Differing labor regulations and union relationships;
- Consequences from changes in tax laws;

Table of Contents

- Difficulties in obtaining financing in foreign countries for local operations; and
- Political and economic instability, natural calamities, war, and terrorism.

The effects of these risks may, individually or in the aggregate, materially adversely affect our business.

New laws, regulations or policies of governmental organizations regarding safety standards, or changes in existing ones, may have a significant negative effect on how we do business.

Our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly, because crashworthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards or vehicle rating programs can result in additional costs for product development, testing and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product.

The costs and effect on our reputation of product recalls could materially adversely affect our business.

From time to time, we recall our products to address performance, compliance or safety-related issues. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. In addition, product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the safety or reliability of our products. Any costs incurred or lost sales caused by future product recalls could materially adversely affect our business. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above.

We have determined that our disclosure controls and procedures and our internal control over financial reporting are currently not effective. The lack of effective internal controls could materially adversely affect our financial condition and ability to carry out our business plan.

As discussed in Item 9A, "Controls and Procedures", our management team for financial reporting, under the supervision and with the participation of our Chief Executive Officer and our Chief Financial Officer, conducted an evaluation of the effectiveness of the design and operation of our internal controls. At December 31, 2009, because of the inability to sufficiently test the effectiveness of remediated internal controls, they concluded that our disclosure controls and procedures and our internal control over financial reporting were not effective. Until we have been able to test the operating effectiveness of remediated internal controls, and ensure the effectiveness of our disclosure controls and procedures, it may materially adversely affect our ability to report accurately our financial condition and results of operations in the future in a timely and reliable manner. In addition, although we continually review and evaluate internal control systems to allow management to report on the sufficiency of our internal controls, we cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting. Any such additional weakness or failure to remediate the existing weakness could adversely affect our financial condition or ability to comply with applicable financial reporting requirements and the requirements of the Company's various financing agreements.

* * * * * * *

Item 1B. ***Unresolved Staff Comments***

None

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 2. ***Properties***

Other than dealerships, at December 31, 2009 we had 121 locations in 27 states and 95 cities or towns in the United States. Of these locations, 41 are manufacturing facilities, of which 11 are engaged in the final assembly of our cars and trucks and other manufacture automotive components and power products. Of the remaining locations, 27 are service parts operations primarily responsible for distribution and warehouse functions, and the remainder are offices or facilities primarily involved in engineering and testing vehicles. In addition, we have 17 locations in Canada, and assembly, manufacturing, distribution, office or warehousing operations in 56 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. The major facilities outside the United States and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

- Argentina
- Australia
- Belgium
- Brazil
- China
- Colombia
- Ecuador
- Egypt
- Germany
- India
- Kenya
- Mexico
- Poland
- Russia
- South Africa
- South Korea
- Spain
- Thailand
- United Kingdom
- Uzbekistan
- Venezuela
- Vietnam

We, our subsidiaries, or associated companies in which we own an equity interest, own most of the above facilities. Leased properties primarily comprised of warehouses and administration, engineering and sales offices. The leases for warehouses generally provide for an initial period of five to 10 years, based upon prevailing market conditions and may contain renewal options. Leases for administrative offices are generally for shorter periods.

Our properties include facilities which, in our opinion, are suitable and adequate for the manufacture, assembly and distribution of our products.

* * * * * * *

Item 3. ***Legal Proceedings***

The following section summarizes material pending legal proceedings to which the Company is a party, other than ordinary routine litigation incidental to the business. We and the other defendants affiliated with us intend to defend all of the following actions vigorously.

Canadian Export Antitrust Class Actions

Approximately eighty purported class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001, have been filed in various state and federal courts against General Motors Corporation, GMCL, Ford Motor Company, Chrysler, LLC, Toyota Motor Corporation, Honda Motor Co., Ltd., Nissan Motor Company, Limited, and Bavarian Motor Works and their Canadian affiliates, the National Automobile Dealers Association, and the Canadian Automobile Dealers Association. The federal court actions have been consolidated for coordinated pretrial proceedings under the caption *In re New Market Vehicle Canadian Export Antitrust Litigation Cases* in the U.S. District Court for the District of Maine, and the more than 30 California cases have been consolidated in the California Superior Court in San Francisco County under the case captions *Belch v. Toyota Corporation, et al.* and *Bell v. General Motors Corporation*. Old GM's liability in these matters was not assumed by General Motors Company as part of the 363 Sale. GMCL was not part of Old GM's bankruptcy proceeding and potentially remains liable in all matters. In the California state court cases, oral arguments on the plaintiffs' motion for class certification and defendants' motion in limine were heard on April 21, 2009. The court ruled that it would certify a class. Defendants written appeal to the appropriate California court was denied. Defendants are preparing other substantive motions for summary judgment.

The nearly identical complaints alleged that the defendant manufacturers, aided by the association defendants, conspired among themselves and with their dealers to prevent the sale to U.S. citizens of vehicles produced for the Canadian market and sold by dealers in Canada. The complaints alleged that new vehicle prices in Canada are 10% to 30% lower than those in the United States, and that

Table of Contents

preventing the sale of these vehicles to U.S. citizens resulted in the payment of higher than competitive prices by U.S. consumers. The complaints, as amended, sought injunctive relief under U.S. antitrust law and treble damages under U.S. and state antitrust laws, but did not specify damages. The complaints further alleged unjust enrichment and violations of state unfair trade practices act. On March 5, 2004, the U.S. District Court for the District of Maine issued a decision holding that the purported indirect purchaser classes failed to state a claim for damages under federal antitrust law but allowed a separate claim seeking to enjoin future alleged violations to continue. The U.S. District Court for the District of Maine on March 10, 2006 certified a nationwide class of buyers and lessees under Federal Rule 23(b)(2) solely for injunctive relief, and on March 21, 2007 stated that it would certify 20 separate statewide class actions for damages under various state law theories under Federal Rule 23(b)(3), covering the period from January 1, 2001 to April 30, 2003. On October 3, 2007, the U.S. Court of Appeals for the First Circuit heard oral arguments on Old GM's consolidated appeal of the both class certification orders.

On March 28, 2008, the U.S. Court of Appeals for the First Circuit reversed the certification of the injunctive class and ordered dismissal of the injunctive claim. The U.S. Court of Appeals for the First Circuit also vacated the certification of the damages class and remanded to the U.S. District Court for the District of Maine for determination of several issues concerning federal jurisdiction and, if such jurisdiction still exists, for reconsideration of that class certification on a more complete record. On remand, plaintiffs again moved to certify a damages class, and defendants again moved for summary judgment and to strike plaintiffs' economic expert. On July 2, 2009, the court granted one of defendants' summary judgment motions. Plaintiffs did not appeal. As a result, the only issues remaining in the federal actions relate to disposition of the funds paid by Toyota in a settlement years ago.

American Export Antitrust Class Actions

On September 25, 2007, a claim was filed in the Ontario Superior Court of Justice against GMCL and Old GM on behalf of a purported class of actual and intended purchasers of vehicles in Canada claiming that a similar alleged conspiracy was now preventing lower-cost U.S. vehicles from being sold to Canadians. The Plaintiffs have delivered their certification materials. An order staying claims against MLC was granted in November 2009. A certification hearing has not yet been scheduled. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

Canadian Dealer Class Action

On January 21, 2010, a claim was filed in the Ontario Superior Court of Justice against GMCL for damages on behalf of a purported class of 215 Canadian General Motors dealers which entered into wind-down agreements with GMCL in May 2009. GMCL offered the Plaintiff dealers the wind-down agreements to assist the Plaintiffs' exit from the GMCL Canadian dealer network upon the expiration of their GM Dealer Sales and Service Agreements (DSSAs) on October 31, 2010, and to assist the Plaintiffs in winding down their dealer operations in an orderly fashion. The Plaintiff dealers allege that the DSSAs have been wrongly terminated by GMCL and that GMCL failed to comply with franchise disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the dealers' statutory right to associate in an attempt to coerce the class member dealers into accepting the wind-down agreements. The Plaintiff dealers claim that the wind-down agreements are void. GMCL is vigorously defending the claims. A certification hearing has not yet been scheduled. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

Delphi Salaried Pension Plan Claim

On November 12, 2009, we were served with an Amended Complaint in a previously pending case in the United States District Court for the Eastern District of Michigan captioned *Dennis Black, Charles Cunningham, Kenneth Hollis and the Delphi Salaried Retiree Association v. The Pension Benefit Guaranty Corporation, the US Treasury Departments, The Presidential Task Force on the Auto Industry, Timothy Geithner, Steve Rattner, Ron Bloom and General Motors Company*. The case, brought on behalf of participants in the salaried pension plan formerly offered by Delphi, challenges the complex series of events which led to the termination of the Delphi salaried pension plan and its assumption by the Pension Benefit Guaranty Corporation with a significant reduction in benefits, and the allegedly more favorable outcome for unionized employees and retirees participating in other Delphi plans. With respect to us, the Amended Complaint asserts that by reason of the United States Treasury's substantial equity interest in

Table of Contents

the company, we are a government actor and that our actions and those of the other defendants constituted a violation of plaintiff's constitutional rights because of the difference in outcome for participants in the Delphi salaried and hourly pension plans respectively. Plaintiffs ask that the court order us to "top up" Delphi salaried plan consistent with its contributions to Delphi's union plan under other agreements or to require us to distribute funds allocated for Delphi pension plans equally between hourly and salaried plans. Plaintiffs ask the court to order the United States Treasury and other defendants to require us to take such actions, providing loan assistance if necessary. The Amended Complaint also seeks compensatory and punitive damages from defendants other than us and costs and attorneys fees from all defendants. On February 25, 2010, the Bankruptcy Court in the Delphi bankruptcy proceeding granted our motion to enforce the Delphi plan of reorganization as approved by that Court and to enforce its injunction against lawsuits contrary to provisions of that plan, which includes a release with respect to any liability we may have regarding plaintiffs' claims. The Court has ordered plaintiffs to dismiss their claims against us in the Eastern District of Michigan. Such dismissal, however, would be without prejudice to plaintiffs' ability to petition the Bankruptcy Court to set aside its injunction based upon new evidence that we had willfully violated plaintiffs' constitutional rights. Indications are that plaintiffs will appeal the Bankruptcy Court order. In the meantime, plaintiffs have filed a motion to dismiss their case against us in the Eastern District of Michigan.

OnStar Analog Equipment Litigation

Our wholly-owned subsidiary OnStar Corporation is a party to more than 20 putative class actions filed in various states, including Michigan, Ohio, New Jersey, Pennsylvania and California. All of these cases have been consolidated for pretrial purposes in a multi-district proceeding under the caption *In re OnStar Contract Litigation* in the U.S. District Court for the Eastern District of Michigan. The litigation arises out of the discontinuation by OnStar of services to vehicles equipped with analog hardware. OnStar was unable to provide services to such vehicles because the cellular carriers which provide communication service to OnStar terminated analog service beginning in February 2008. In the various cases, the plaintiffs are seeking certification of nationwide or statewide classes of owners of vehicles currently equipped with analog equipment, alleging various breaches of contract, misrepresentation and unfair trade practices. This proceeding has not reached the class certification motion stage, though class discovery is nearly complete. No determination has been made as to whether class certification motions are appropriate, and it is not possible at this time to determine whether class certification or liability is probable as to OnStar or to reasonably ascertain the amount of any liability.

Patent Infringement Litigation

On July 10, 2009, *Kruse Technology Partnership v. General Motors Company* was filed in the U.S. District Court for the Central District of California. In *Kruse*, the plaintiff alleges that we infringed three U.S. patents related to "Internal Combustion Engine with Limited Temperature Cycle" by making and selling diesel engines. The plaintiff has not made a claim specifying damages in this case. However, in a similar case filed against Old GM in December 2008, plaintiff asserted that its royalty damages would be significantly more than $100 million. In April 2009, the plaintiff filed a separate patent infringement action against DMAX, Inc., then a joint venture between Isuzu Diesel Services of America, Inc. and Old GM, and which is now a joint venture between Isuzu Diesel Services of America, Inc. and General Motors LLC, our subsidiary. DMAX manufactures and assembles mechanical and other components of Duramax diesel engines for sale to us. The plaintiff asserted that its royalty damages claim against DMAX, Inc. would exceed $100 million and requests an injunction in both the case against DMAX and the case against General Motors LLC. We are defending *Kruse* on several grounds, including non-infringement and invalidity of the patents.

Unintended Acceleration Class Actions

We have been named as a co-defendant in two of the many class action lawsuits brought against Toyota arising from Toyota's recall of certain vehicles related to reports of unintended acceleration. The two cases are *Nimishabahen Patel v. Toyota Motors North America, Inc. et al* (filed in the United States District Court for the District of Connecticut on February 9, 2010) and *Darshak Shah v. Toyota Motors North America, Inc. et al* (filed in the United States District court for the District of Massachusetts on or about February 16, 2010). The 2009 and 2010 model year Pontiac Vibe, which was manufactured by a joint venture between Toyota and Old GM, included components that were common with those addressed by the Toyota recall and were accordingly the subject of a parallel recall by us. Each case makes allegations regarding Toyota's conduct related to the condition addressed by the recall and asserts breaches of implied and express warranty, unjust enrichment and violation of consumer protection statutes and seeks actual damages, multiple damages, attorneys fees, costs and injunctive relief on behalf of classes of vehicle owners which include owners of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 and 2010 model year Pontiac Vibes. The cases are in their earliest stage, with no determination that class treatment is appropriate. Although a comprehensive assessment of the cases is not possible at this time, we believe that, with respect to the overwhelming majority of Pontiac vehicles addressed by the two cases, the claims asserted are barred by the Sale Approval Order entered by the United States Bankruptcy Court for the Southern District of New York on July 5, 2009.

UAW VEBA Contribution Claim

On April 6, 2010, the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached our obligation to contribute $450 million to the New VEBA. The UAW alleges that we were required to make this contribution pursuant to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring dated June 22, 2007. The UAW is seeking payment of $450 million. We have not been served in this matter.

* * * * * * *

Environmental Matters

Carbon Dioxide Emission Standard Litigation

In a number of cases, we and the Alliance of Automobile Manufacturers, the Association of International Automobile Manufacturers, Chrysler, and various automobile dealers brought suit for declaratory and injunctive relief from state legislation imposing stringent controls on new motor vehicle CO_2 emissions. These cases argue that such state regulation of CO_2 emissions is tantamount to state regulation of fuel economy and is preempted by two federal statutes, the Energy Policy and Conservation Act (EPCA) and the Clean Air Act. California adopted such standards pursuant to its AB 1493 legislation. The California standards have been adopted by 13 other states.

The cases were brought against: (1) CARB on December 7, 2004, in the U.S. District Court for the Eastern District of California (Fresno Division); (2) the Vermont Agency of Natural Resources and the Vermont Department of Environmental Conservation on November 18, 2005, in the U.S. District Court for the District of Vermont; and (3) the Rhode Island Department of Environmental Management on February 13, 2006, in the U.S. District Court for the District of Rhode Island. The cases in Vermont and California were decided at the district court level in 2007. In both cases, the trial courts dismissed the EPCA claims, but the California district court enjoined enforcement of the CO_2 standards under the Clean Air Act unless the U.S. Environmental Protection Agency (EPA) approved them under the Clean Air Act. In March 2008, the EPA disapproved the California CO_2 standards. By that time, appeals of the adverse decisions under EPCA were being initiated in California (Ninth Circuit) and Vermont (Second Circuit). The EPA's action and the California district court's injunction effectively halted implementation of the CO_2 standards in each State that had adopted them.

In January 2009, President Obama directed the EPA to reconsider its disapproval of the California CO_2 standards, and to consider adoption of a national approach to the regulation of vehicle CO_2 emissions that would eliminate any environmental justification for separate state CO_2 standards. The EPA granted approval of the current California CO_2 standards in June 2009, pursuant to President Obama's instruction. In May 2009, we and most of the automotive industry agreed to this "National Standard" approach and, as part of that agreement, to discontinue litigation against the state standards if California and other states agreed to treat compliance with any new federal CO_2 standards as compliance with their separate state standards. Under that agreement, on April 1, 2010 California completed rulemaking to revise its CO_2 standards, and the EPA and the National Highway Traffic Safety Administration (NHTSA) completed rulemaking to establish coordinated vehicle CO_2 emissions and fuel economy standards. The parties have reached agreement on the terms for dismissal of all pending litigation against the state standards, in which we are involved, and we expect that dismissal motions will be filed soon. The litigation had been stayed pending finalization of the California and federal rulemaking.

* * * * * * *

Item 4. ***Reserved***

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market Information

On April 7, 2010, we filed a Form 10 with the SEC and, pursuant to Section 12(g) of the Exchange Act, registered our common stock. Our common stock is not traded on any exchange or other interdealer electronic trading facility and there is no established public trading market for our common stock.

Holders

We have a total of 500 million issued and outstanding shares of common stock which are held by four stockholders of record and a total of 106 million shares of common stock for which warrants are initially exercisable by two stockholders of record.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. In addition, the UST Credit Agreement and the VEBA Note Agreement contain certain restrictions on our ability to pay dividends, other than dividends payable solely in shares of our common stock.

In particular, each of the UST Credit Agreement and the VEBA Note Agreement provides that we may not pay any such dividends on our common stock unless: no default or event of default has occurred under such agreement and is continuing at the time of such payment; and immediately prior to and after giving effect to such dividend, our consolidated leverage ratio is less than 3.00 to 1.00.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Equity Compensation Plan Information

The table below contains information about securities authorized for issuance under equity compensation plans. The features of these plans are discussed further in Note 29 to the consolidated financial statements.

Plan Category	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights (in millions)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (a)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (b)
Equity compensation plans approved by security holders General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan (c)	0.3	$ —	9.7

(a) The awards under the General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan are restricted stock units. The restricted stock units do not have an exercise price, and the awards will be payable in cash if settled prior to six months after completion of an initial public offering of our equity.

(b) Excludes securities reflected in the first column, "Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights."

(c) At December 31, 2009 all of our equity compensation plans were approved by security holders.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Recent Sales of Unregistered Securities

Holding Company Merger

In October 2009 in connection with a merger effected pursuant to an Agreement and Plan of Merger, dated as of October 15, 2009 by and among us, the previous GM Company and GM Merger Subsidiary Inc., a Delaware corporation and indirect wholly-owned subsidiary of the previous GM Company, we issued new securities. These new securities were issued solely in exchange for the corresponding securities of the previous GM Company. These new securities have the same economic terms and provisions as the corresponding previous GM Company securities and upon completion of the merger were held by our securityholders in the same class evidencing the same proportional interest in us as the securityholders held in the previous GM Company.

Common Stock

- Issued 304 million shares to the UST;
- Issued 58 million shares to Canada Holdings;
- Issued 88 million shares to the New VEBA; and
- Issued 50 million shares to MLC.

Series A Preferred Stock

- Issued 84 million shares to the UST;
- Issued 16 million shares to Canada Holdings; and
- Issued 260 million shares to the New VEBA.

The shares of Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at a rate equal to 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014, we may redeem, in whole or in part, the shares of Series A Preferred Stock at the time outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

Warrants

- Issued warrants to MLC to acquire 45.5 million shares of our common stock, exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share;
- Issued warrants to MLC to acquire 45.5 million shares of our common stock, exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share; and
- Issued warrants to the New VEBA to acquire 15.2 million shares of our common stock, exercisable at any time prior to December 31, 2015, with an exercise price set at $126.92 per share.

The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

363 Sale

The foregoing securities were issued to the UST, Canada Holdings, the New VEBA and MLC solely in exchange for the corresponding securities of the previous GM Company in connection with the merger. The consideration originally paid for the securities of the previous GM Company with respect to each of the UST, Canada Holdings, the New VEBA and MLC in connection with the formation of the previous GM Company and the 363 Sale on July 10, 2009 was as follows:

UST

- The UST's existing credit agreement with Old GM;
- The UST's portion of Old GM's DIP Facility (other than debt we assumed or MLC's wind-down facility) and all of the rights and obligations as lender thereunder;
- The warrants Old GM previously issued to the UST; and
- Any additional amounts the UST loaned to Old GM prior to the closing of the 363 Sale with respect to each of the foregoing UST credit facilities.

Canada Holdings

- Certain existing loans made to GMCL;
- Canada Holding's portion of the DIP Facility (other than debt we assumed or MLC's wind-down facility); and
- The loans made to us under the existing loan agreement between GMCL and EDC immediately following the closing of the 363 Sale.

New VEBA

- The compromise of certain claims against MLC existing under the 2008 UAW Settlement Agreement.

MLC

- The assets acquired by us pursuant to the Purchase Agreement, offset by the liabilities we assumed pursuant to the Purchase Agreement.

Refer to Note 2 to the consolidated financial statements for a discussion of the Chapter 11 Proceedings and the 363 Sale.

Securities Act Exemption

The securities of the previous GM Company, and our securities issued in replacement thereof in the merger, were issued pursuant to an exemption provided by Section 4(2) under the Securities Act.

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 6. ***Selected Financial Data***
(Dollars in millions except per share amounts)

	Successor	Predecessor				
	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009	Years Ended December 31, 2008	2007	2006	2005
Total net sales and revenue (b)	$ 57,474	$ 47,115	$148,979	$179,984	$204,467	$192,143
Reorganization gains, net (c)	$ —	$ 128,155	$ —	$ —	$ —	$ —
Income (loss) from continuing operations (c)(d)	$ (3,786)	$ 109,003	$ (31,051)	$ (42,685)	$ (2,155)	$ (10,625)
Income from discontinued operations, net of tax (e)	—	—	—	256	445	313
Gain on sale of discontinued operations, net of tax (e)	—	—	—	4,293	—	—
Cumulative effect of a change in accounting principle (f)	—	—	—	—	—	(109)
Net income (loss) (c)	(3,786)	109,003	(31,051)	(38,136)	(1,710)	(10,421)
Less: Net (income) loss attributable to noncontrolling interests	(511)	115	108	(406)	(324)	(48)
Less: Cumulative dividends on preferred stock	(131)	—	—	—	—	—
Net income (loss) attributable to common stockholders (c)	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)	$ (2,034)	$ (10,469)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders before cumulative effect of change in accounting principle	$ (10.73)	$ 178.63	$ (53.47)	$ (76.16)	$ (4.39)	$ (18.87)
Income from discontinued operations attributable to common stockholders (e)	—	—	—	8.04	0.79	0.55
Loss from cumulative effect of a change in accounting principle attributable to common stockholders (f)	—	—	—	—	—	(0.19)
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.63	$ (53.47)	$ (68.12)	$ (3.60)	$ (18.51)
Diluted earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders before cumulative effect of change in accounting principle	$ (10.73)	$ 178.55	$ (53.47)	$ (76.16)	$ (4.39)	$ (18.87)
Income from discontinued operations attributable to common stockholders (e)	—	—	—	8.04	0.79	0.55
Loss from cumulative effect of a change in accounting principle attributable to common stockholders (f)	—	—	—	—	—	(0.19)
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.55	$ (53.47)	$ (68.12)	$ (3.60)	$ (18.51)
Cash dividends per common share	$ —	$ —	$ 0.50	$ 1.00	$ 1.00	$ 2.00
Total assets (b)(d)(g)	$ 136,295	$ 104,575	$ 91,039	$148,846	$185,995	$473,938
Notes and loans payable (b)(h)	$ 15,783	$ 48,394	$ 45,938	$ 43,578	$ 47,476	$286,943
Equity (deficit) (d)(f)(i)(j)	$ 21,957	$ (109,128)	$ (85,076)	$ (35,152)	$ (4,076)	$ 15,931

(a) At July 10, 2009 we applied fresh-start reporting following the guidance in ASC 852, “Reorganizations.” The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Therefore, our financial information at and for the period July 10, 2009 through December 31, 2009 is not comparable to Old GM’s financial information.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(b) In November 2006 Old GM sold a 51% controlling ownership interest in GMAC, resulting in a significant decrease in total consolidated net sales and revenue, assets and notes and loans payable.

(c) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with the Chapter 11 Proceedings, the 363 Sale and the application of fresh-start reporting. Refer to Note 2 to the consolidated financial statements for additional detail.

(d) In September 2007 Old GM recorded full valuation allowances of $39.0 billion against net deferred tax assets in Canada, Germany and the United States.

(e) In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. The results of operations, cash flows and the 2007 gain on sale of Allison have been reported as discontinued operations for all periods presented.

(f) In December 2005 Old GM recorded an asset retirement obligation of $181 million, which was $109 million net of related income tax effects.

(g) In December 2006 Old GM recorded the funded status of its benefit plans on the consolidated balance sheet with an offsetting adjustment to Accumulated other comprehensive loss of $16.9 billion in accordance with the adoption of new provisions of ASC 715, “Compensation — Retirement Benefits.”

(h) In December 2008 Old GM entered into the UST Loan Agreement, pursuant to which the UST agreed to provide a $13.4 billion UST Loan Facility. In December 2008 Old GM borrowed $4.0 billion under the UST Loan Facility.

(i) In January 2007 Old GM recorded a decrease to Retained earnings of $425 million and a decrease of $1.2 billion to Accumulated other comprehensive loss in accordance with the early adoption of the measurement provisions of ASC 715, “Compensation — Retirement Benefits.”

(j) In January 2007 Old GM recorded an increase to Retained earnings of $137 million with a corresponding decrease to its liability for uncertain tax positions.

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

General Motors Company

General Motors Company was formed by the UST in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation in the 363 Sale on July 10, 2009 and changed its name to General Motors Company. General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Corporation (MLC). MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

We are engaged primarily in the worldwide development, production and marketing of cars, trucks, and parts. We also own a 16.6% equity interest in GMAC, which is accounted for as a cost method investment because we cannot exercise significant influence over GMAC. GMAC provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our three segments, namely GMNA, GME, and GMIO.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

OVERVIEW

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. In addition, legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continue to strain on Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of

Table of Contents

financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from EDC, a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for UAW retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the New VEBA, such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the President's Designee (Certification Deadline), the President's Designee had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the President's Designee determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the President's Designee's requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations:

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST GMAC Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other cost reduction and restructuring actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was to be phased out by the end of 2010;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Acceleration of the reduction in U.S. nameplates to 34 by 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the CAW to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries entered into the Chapter 11 Proceedings.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued(a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Purchase Agreement between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In connection with the 363 Sale, the purchase price paid to Old GM was comprised of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 50 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 91 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue the Adjustment Shares in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price. At July 10, 2009 we accrued $113 million in Other liabilities and deferred income taxes related to this contingent obligation.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009 we entered into the UST Credit Agreement and assumed the UST Loans of $7.1 billion. Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has the Canadian Loan of CAD $1.5 billion (equivalent to $1.3 billion when entered into).

Refer to Note 18 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada Holdings, the New VEBA and MLC:

UST

- 304.1 million shares of our common stock;
- 83.9 million shares of our Series A Fixed Rate Cumulative Perpetual Preferred Stock (Series A Preferred Stock);

Canada Holdings

- 58.4 million shares of our common stock;
- 16.1 million shares of Series A Preferred Stock;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

New VEBA

- 87.5 million shares of our common stock;
- 260.0 million shares of Series A Preferred Stock;
- Warrant to acquire 15.2 million shares of our common stock;

MLC

- 50.0 million shares of our common stock; and
- Two warrants, each to acquire 45.5 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock is classified as temporary equity because one of the holders, the UST, controls our Board of Directors and could compel us to call the Preferred Stock for redemption in 2014. We are not accreting the Preferred Stock to its redemption amount of $9.0 billion because we believe it is not probable that the UST will control our Board of Directors in 2014.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Emergence from Bankruptcy

We also modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and placing a cap on pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately from operating loss. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Renewed Business Focus

The formation of General Motors Company, in connection with the 363 Sale, has positioned us to achieve profitability with the execution of certain key strategic initiatives. Achieving our goal of returning to profitability includes developing a culture with an increased focus on our customers' needs and our product quality and design.

Core Brands

Going forward we will focus on four core brands in North America: Chevrolet, Cadillac, Buick, and GMC. We anticipate that these four core brands will have a total of 34 U.S. nameplates by the end of 2010. We believe the focus on four core brands will enable us to allocate more resources to each, resulting in improved product, design, quality and marketing.

Operational Structure

To promote a new company culture, we have revised our operational structure to streamline our business and speed our decision making processes in order to respond to customer needs and market demands faster. In order to streamline our business and speed our decision making processes and in anticipation of the sale of our Adam Opel GmbH (Adam Opel) operations, we had revised our operational structure, combining Old GM's Europe, Latin America/Africa/Middle East and Asia Pacific segments into one segment, GMIO. In November 2009 our Board of Directors subsequently elected to retain sole ownership of the Adam Opel operations. We have therefore determined our current operational structure to be GMNA, GME, and GMIO, which combines Old GM's Latin America/Africa/Middle East and Asia Pacific segments. We have eliminated our regional strategy boards, as well as two senior leadership forums, the Automotive Strategy Board and the Automotive Product Board. We have instituted a single, smaller executive committee, which meets more frequently and focuses on business results, products, brands and customers. We have revised the segment presentation for all periods presented.

Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases. The Delphi Benefit Guarantee Agreements require that in the event that Delphi or its successor companies ceases doing business or becomes subject to financial distress Old GM could be liable if Delphi fails to provide certain benefits at the required level.

Table of Contents

Investment in GMAC

As part of the approval process for GMAC to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in GMAC to less than 10% of the voting and total equity of GMAC by December 24, 2011. At December 31, 2009 our equity ownership in GMAC was 16.6%.

In December 2008 Old GM and FIM Holdings, an assignee of Cerberus ResCap Financing LLC, entered into a subscription agreement with GMAC under which each agreed to purchase additional Common Membership Interests in GMAC, and the UST committed to provide Old GM with additional funding in order to purchase the additional interests. In January 2009 Old GM entered into the UST GMAC Loan Agreement pursuant to which it borrowed $884 million (UST GMAC Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests of GMAC. The UST GMAC Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST GMAC Loan was secured by Old GM's Common and Preferred Membership Interests in GMAC. As part of this loan agreement, the UST had the option to convert outstanding amounts into a maximum of 190,921 shares of GMAC's Class B Common Membership Interests on a pro rata basis.

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST GMAC Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of GMAC Common Membership Interests of $2.5 billion and a loss on extinguishment of the UST GMAC Loan of $2.0 billion. After the exchange, Old GM's ownership was reduced to 24.5% of GMAC's Common Membership Interests.

GMAC converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in GMAC using the cost method rather than the equity method as Old GM no longer exercised significant influence over GMAC. In connection with GMAC's conversion into a C corporation, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investments in GMAC's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to GMAC of $3.8 billion consisting of the purchase of trust preferred securities of $2.5 billion and mandatory convertible preferred securities of $1.3 billion. The UST also exchanged all of its existing GMAC non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion. In addition the UST converted $3.0 billion of its mandatory convertible preferred securities into GMAC common stock. These actions resulted in the dilution of our GMAC common stock investment from 24.5% to 16.6%, of which 6.7% is held directly and 9.9% is held in an independent trust. Pursuant to previous commitments to reduce influence over and ownership in GMAC, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all GMAC common stock held in the trust by December 24, 2011.

Strategic Initiatives

The execution of certain strategic initiatives is critical in achieving our goal of sustained future profitability. The following provides a summary of these initiatives and significant results and events.

U.S. Automobile Industry and GMNA

Our U.S. operations represent a substantial portion of our business and attaining future profitability in our U.S. operations is imperative if we are to achieve our worldwide profitability, debt reduction and U.S. market share goals.

Our plan to return our U.S. operations to profitability includes programs that enhance our customers' interaction at the point of sale through improved dealership operations. The first program, Standards for Excellence, is an initiative focused upon improving sales and customer satisfaction. The program includes an in-store facilitator, process improvement programs and customer research. Incentives are awarded to those dealers that achieve their targets under this program. Participating dealers in this program have consistently outperformed non-participating dealers. The second program, Essential Brand Elements, is an initiative focused upon

Table of Contents

conformance with four critical sales and marketing elements: (1) Customer Sales and Service Retention communications; (2) digital marketing; (3) high training standards; and (4) facility image requirements. Dealers that participate and are compliant earn quarterly incentives. Of our dealerships, 97% have participated in the program and compliance has increased for all elements.

In the year ended 2009 certain data such as vehicle sales, market share data and production volume combine our data in the period July 10, 2009 through December 31, 2009 with Old GM's data in the period January 1, 2009 through July 9, 2009 for comparative purposes.

Vehicle Sales and Market Share

In the year ended 2009 U.S. industry vehicle sales were 10.6 million vehicles, of which combined GM and Old GM market share was 19.6%. This represents a decline in U.S. industry vehicle sales from 13.5 million vehicles (or 21.4%) and a decline in Old GM market share, which was 22.1% in 2008. The negative economic effects of the U.S. recession, in 2008, continued to effect the U.S. automobile industry in 2009 resulting in decreased U.S. industry vehicle sales.

Combined GM and Old GM dealers in the U.S. sold 2.1 million vehicles in the year ended 2009. This represents a decline from Old GM U.S. vehicle sales of 3.0 million vehicles (or 30.1%) in 2008. This decrease relates to the continuing tight credit markets, high unemployment rates and recessions in the United States and many international markets negatively affecting industry vehicle sales during 2009. In addition, Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales. This decrease was also affected by a reduction in combined GM and Old GM U.S. fleet sales to 514,000 vehicles from 823,000 vehicles (or 37.5%), reduced incentive spending and the orderly wind-down of non-core brands. Despite this decrease in the combined GM and Old GM U.S. vehicle sales, combined GM and Old GM dealers' U.S. quarterly vehicle sales increased from 413,000 vehicles in the three months ended March 31, 2009 to 541,000 vehicles (or 31.1%) in the three months ended June 30, 2009. Combined GM and Old GM dealers' U.S. quarterly vehicle sales increased to 593,000 vehicles (or 9.4%) in the three months ended September 30, 2009 as compared to June 30, 2009 levels. The combined GM and Old GM dealers' U.S. quarterly vehicle sales increases in the first three quarters of 2009 reflect successful product launches, such as the Chevrolet Camaro, and vehicle sales from our portfolio of fuel efficient vehicles, such as the Chevrolet Aveo and Cobalt and crossovers Equinox and HHR, related to the U.S. government Car Allowance Rebate System (CARS) program. In the fourth quarter of 2009 our dealers' U.S. vehicle sales decreased to 538,000 vehicles (or 9.3%) as compared to September 2009 levels reflecting lost momentum from the expired CARS program.

In the year ended 2009 combined GM and Old GM core brands accounted for 87.1% of combined GM and Old GM total U.S vehicle sales. These core brands consist of Buick, Cadillac, Chevrolet and GMC. Combined GM and Old GM dealers' U.S. quarterly core brand vehicle sales increased from 346,000 vehicles in the three months ended March 31, 2009 to 465,000 vehicles (or 34.4%) in the three months ended June 30, 2009. Combined GM and Old GM dealers' U.S. quarterly core brand vehicle sales increased to 509,000 vehicles (or 9.4%) in the three months ended September 30, 2009 as compared to June 30, 2009 levels. These core brand vehicle sale increases are reflective of the new product launches and the CARS program mentioned previously. In the fourth quarter of 2009 our U.S. core brand vehicle sales decreased to 496,000 vehicles (or 2.5%) reflecting the expiration of the CARS program. In the fourth quarter of 2009 core brand vehicle sales reached 92.3% of total U.S. vehicle sales as the wind-down of non-core brands Pontiac and Saturn were ahead of schedule. At December 31, 2009 only 2,752 Pontiac or Saturn vehicles remained in dealer stock.

The continued increase in U.S. industry and core brand vehicle sales is critical for us to achieve our worldwide profitability, debt reduction, and U.S. market share goals.

U.S. Salaried and Hourly Headcount Reductions

In June 2009 Old GM announced its intention to reduce U.S salaried headcount by means of the 2009 Salaried Window Program. At December 31, 2009 our U.S. salaried workforce was 26,000 employees. At December 31, 2008 Old GM's U.S. salaried workforce was 29,000 employees. This represents a decrease of 5,000 U.S. salaried employees, excluding 2,000 U.S. salaried employees acquired with Delphi's global steering business (Nexteer) and four domestic facilities, as more fully discussed in "Delphi Master Disposition Agreement" in this MD&A.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In order to align U.S. hourly headcount with current production levels, Old GM determined that reductions in its U.S. hourly workforce were necessary. At December 31, 2009 13,000 U.S. hourly employees had elected to participate in the 2009 Special Attrition Programs, introduced in February and in June of 2009. At December 31, 2009 our U.S. hourly headcount was 51,000 employees. At December 31, 2008 Old GM's U.S. hourly headcount was 62,000 employees. This represents a decrease of 16,000 U.S. hourly employees, excluding 5,000 U.S. hourly employees acquired with Nexteer and four domestic facilities.

Manufacturing Operations Rationalization

We continue to consolidate our U.S. manufacturing operations while maintaining the flexibility to meet increasing 2010 production levels. At December 31, 2009 we had reduced the number of U.S. manufacturing plants to 41 from 47 in 2008, excluding Nexteer and four domestic facilities recently acquired from Delphi.

In the year ended 2009 combined GM and Old GM GMNA produced 1.9 million vehicles. This represents a decrease of 44.5% compared to 3.4 million vehicles in the year ended 2008. However, combined GM and Old GM GMNA production levels increased from 371,000 vehicles in the three months ended March 31, 2009 to 395,000 vehicles (or 6.5%) in the three months ended June 30, 2009. Combined GM and Old GM GMNA production increased to 531,000 vehicles (or 34.4%) in the three months ended September 30, 2009 as compared to June 30, 2009 quarterly production levels. GMNA production increased to 616,000 vehicles (or 16.0%) in the three months ended December 31, 2009 as compared to September 30, 2009 quarterly production levels. The increase in production levels from the three months ended September 30, 2009 related to increased consumer demand for certain products such as the Chevrolet Equinox, GMC Terrain, Buick LaCrosse and Cadillac SRX.

Timely Repayment of Debt

Proceeds from the DIP Facility were necessary in order to provide sufficient capital to operate. In connection with the 363 Sale, we assumed the UST Loans and Canadian Loan, which Old GM incurred under the DIP Facility. One of our key priorities going forward is to repay the outstanding balances from these loans prior to maturity.

Repayment of UST Loans and Canadian Loan

In November 2009 we signed amendments to the UST Credit Agreement and Canadian Loan Agreement to provide for quarterly repayments of the UST Loans and Canadian Loan. Under these amendments, we agreed to make quarterly payments of $1.0 billion and $192 million to the UST and EDC. In December 2009 and March 2010 we made our first two quarterly payments on the UST Loans and Canadian Loan. Upon making such payments, equivalent amounts were released to us from escrow. After these payments, the carrying amounts of the UST Loans and Canadian Loan were $4.7 billion and $1.0 billion.

UST Escrow Funds

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow and will be distributed to us at our request upon certain conditions. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan. In the event of an initial public offering of our equity, this accelerated payment schedule would be suspended. Any funds remaining in our escrow account after repayment of the loans will be released to us. We have used our escrow account to acquire all Class A Membership Interests in DIP HOLDCO LLP, subsequently named Delphi Automotive LLP, (New Delphi) in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and make other related payments in the amount of $1.0 billion. In addition, $2.4 billion were released from escrow in connection with two quarterly payments of $1.2 billion on the UST Loans and Canadian Loan. At March 31, 2010 our escrow account had a balance of $11.3 billion.

UST Credit Agreement and Canadian Loan Agreement

On July 10, 2009 we entered into the UST Credit Agreement and assumed the UST Loans in the amount of $7.1 billion incurred by Old GM under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment, reducing

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

the UST Loans principal balance to $6.7 billion. On July 10, 2009 through our wholly-owned subsidiary GMCL, we also entered into the amended and restated Canadian Loan Agreement with EDC, and assumed the CAD $1.5 billion (equivalent to $1.3 billion when entered into) Canadian Loan.

We are required to prepay the UST Loans and Canadian Loan on a pro rata basis, between the UST Loans, Canadian Loan and VEBA Notes, in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We may also voluntarily repay the UST Loans and Canadian Loan in whole or in part at any time. Once repaid, amounts borrowed under the UST Credit Agreement may not be reborrowed. The UST Credit Agreement and the Canadian Loan Agreement mature on July 10, 2015.

Repayment of German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. The German Facility was necessary in order to provide sufficient capital to operate Opel/Vauxhall. On November 24, 2009, the debt was paid in full and extinguished.

Brand Rationalization

As mentioned previously, we will focus our resources in the U.S. on four core brands: Chevrolet, Cadillac, Buick and GMC. As a result, we completed the sale of Saab in February 2010 and have announced plans to sell or phase out our Pontiac, Saturn, and HUMMER brands. In connection with the rationalization of our brands, there is no planned investment for Pontiac, and the brand is expected to be phased out by the end of 2010.

Saturn

In September 2009 we decided to wind-down the Saturn brand and dealership network in accordance with the deferred termination agreements that Saturn dealers have signed with us. Pursuant to the terms of the deferred termination agreements, the wind-down process is scheduled to be completed no later than October 2010.

HUMMER

In February 2010 we announced Tengzhong was unable to complete the acquisition of HUMMER. We will now work closely with HUMMER employees, dealers and suppliers to wind-down the HUMMER brand in an orderly, responsible manner.

Saab

In February 2010 we completed the sale of Saab to Spyker Cars NV. As part of the agreement, Saab and Spyker Cars NV will operate under the Spyker Cars NV umbrella and Spyker Cars NV will assume responsibility for Saab operations. The previously announced wind-down activities of Saab operations have ended.

U.S. Dealer Reduction

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of U.S. dealerships was necessary. In determining which dealerships would remain in our network we performed analyses of volumes and consumer satisfaction indexes, among other criteria. Wind-down agreements with over 1,800 U.S. retail dealers have been executed. The retail dealers executing wind-down agreements have agreed to terminate their dealer agreements with us prior to October 31, 2010. Our plan was to reduce dealerships in the United States to approximately 3,600 to 4,000 in the long-term. However, in December 2009 President Obama signed legislation giving dealers access to neutral arbitration should they decide to contest the wind-down of their dealership. Under the terms of the legislation we have informed dealers as to why their dealership received a

Table of Contents

wind-down agreement. In turn, dealers were given a timeframe to file for reinstatement through the American Arbitration Association. Under the law decisions in these arbitration proceedings must generally be made by June 2010 and are binding and final. We have sent letters to over 2,000 of our dealers explaining the reasons for their wind-down agreements and over 1,100 dealers have filed for arbitration. In response to the arbitration filings we reviewed each of the dealer reinstatement claims filed with the American Arbitration Association. Our review resulted in our sending over 600 letters of intent, containing our core business criteria for operation of a dealership to dealers, which upon compliance by the dealer, would result in reinstatement of the dealership. We expect to have the overall arbitration and reinstatement process fundamentally resolved in 2010. Due to the reinstatement of dealerships and the uncertainty of the outcome of the remaining binding arbitration cases we expect the number of dealerships in our network to exceed the previously estimated range.

To create a strong and viable distribution network for our products, continuing dealers have signed participation agreements. These participation agreements include performance expectations in the areas of retail sales, new vehicle inventory and facility exclusivity.

Opel/Vauxhall Restructuring Activities

In February 2010 we presented our plan for the long-term viability of our Opel/Vauxhall operations to the German government. We are currently in discussions with European governments concerning funding support. Our plan includes:

- Funding requirement estimate of Euro 3.7 billion (equivalent to $5.1 billion) including original estimate of Euro 3.3 billion plus an additional Euro 0.4 billion, requested by European governments, to offset the potential effect of adverse market developments;
- Financing contributions from us of Euro 1.9 billion (equivalent to $2.6 billion) or more than 50% of the overall funding requirements;
- Requested of total funding support/loan guarantees from European governments of Euro 1.8 billion (equivalent to $2.5 billion);
- We plan to invest in capital and engineering of Euro 11.0 billion (equivalent to $15.0 billion) over the next five years; and
- Reduced capacity to adjust to current and forecasted market conditions including headcount reductions of 1,300 employees in sales and administration, 7,000 employees in manufacturing and the idling of our Antwerp, Belgium facility.

With these restructuring initiatives complete, we plan to have 80% of our carlines at an age of three years or less by 2012. This would be accomplished by eight product launches in 2010 and another four product launches in 2011. In addition, we plan to invest Euro 1.0 billion to introduce innovative fuel efficient powertrain technologies including an additional extended-range electric vehicle and introducing battery-electric vehicles in smaller-size segments.

If our Opel/Vauxhall operations cannot secure the government-sponsored financing package above, we would be responsible for its remaining funding requirements and this could have a significant negative effect on our liquidity position. To the extent our liquidity is not available to finance the Opel/Vauxhall operations and Adam Opel fails to secure government-sponsored financing or other financing, the long term viability of the Opel/Vauxhall operations could be negatively affected.

Delphi Master Disposition Agreement

In October 2009 we consummated the transaction contemplated in the DMDA with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We, along with the Investors who held the Delphi Tranche DIP facilities, agreed to acquire substantially all of Delphi's remaining assets through New Delphi. Certain excluded assets and liabilities have been retained by DPH to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to its senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

we waived administrative claims associated with our advance agreements with Delphi, the payment terms acceleration agreement with Delphi and the claims associated with previously transferred pension costs for hourly employees.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the Master Restructuring Agreement with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In separate agreements, we, Delphi and the Pension Benefit Guarantee Corporation (PBGC) negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

Section 136 Loans

Section 136 of the Energy Independence and Security Act of 2007 establishes an incentive program consisting of both grants and direct loans to support the development of advanced technology vehicles and associated components in the U.S.

The U.S. Congress provided the U.S. Department of Energy (DOE) with $25.0 billion in funding to make direct loans to eligible applicants for the costs of re-equipping, expanding, and establishing manufacturing facilities in the United States to produce advanced technology vehicles and components for these vehicles. Old GM submitted three applications for Section 136 Loans aggregating $10.3 billion to support its advanced technology vehicle programs prior to July 2009. Based on the findings of the President's Designee under the U.S. Treasury Loan Agreement in March 2009, the DOE determined that Old GM did not meet the viability requirements for Section 136 Loans.

On July 10, 2009, we purchased certain assets of Old GM pursuant to Section 363 of the Bankruptcy Code, including the rights to the loan applications submitted to the ATVMIP. Further, we submitted a fourth application in August 2009. Subsequently, the DOE advised us to resubmit a consolidated application including all the four applications submitted earlier and also the Electric Power Steering project acquired from Delphi in October 2009. We submitted the consolidated application in October 2009, which requested an aggregate amount of $14.4 billion of Section 136 Loans. Ongoing product portfolio updates and project modifications requested from the DOE have the potential to reduce the maximum loan amount. To date, the DOE has announced that it would provide approximately $8.3 billion in Section 136 Loans to Ford Motor Company, Nissan Motor Company, Tesla Motors, Inc., Fisker Automotive, Inc., and Tenneco Inc. There can be no assurance that we will qualify for any remaining loans or receive any such loans even if we qualify.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

2009 Special Attrition Programs

In February and June 2009 Old GM announced the 2009 Special Attrition Programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment. In the period January 1, 2009 through July 9, 2009 Old GM recorded postemployment benefit charges related to these programs for 13,000 employees. In the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 7,980 and 5,000 employees accepted the terms of the 2009 Special Attrition Programs.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Global Salaried Workforce Reductions

In February and June 2009 Old GM announced its intention to reduce global salaried headcount. The U.S. salaried employee reductions related to this initiative were to be accomplished primarily through the 2009 Salaried Window Program or through a severance program funded from operating cash flows. These programs were involuntary programs subject to management approval where employees were permitted to express interest in retirement or separation, for which the charges for the 2009 Salaried Window Program were recorded as special termination benefits funded from the U.S. salaried defined benefit pension plan and other applicable retirement benefit plans.

A net reduction of 9,000 salaried employees was achieved globally, excluding 2,000 salaried employees acquired with our acquisition of Nexteer and four domestic facilities, as more fully discussed in "Delphi Master Disposition Agreement" in this MD&A. Global salaried headcount decreased from 73,000 salaried employees at December 31, 2008 to 66,000 at December 31, 2009, including a reduction of 5,500 U.S. salaried employees.

U.S. Salaried Benefits Changes

In February 2009 Old GM reduced salaried retiree life benefits for U.S. salaried employees. In June 2009 Old GM approved and communicated plan amendments associated with the U.S. salaried retiree health care program including reduced coverage and increases to cost sharing. In June 2009 Old GM also communicated changes in benefits for retired salaried employees including an acceleration and further reduction in retiree life insurance, elimination of the supplemental executive life insurance benefit, and reduction in supplemental executive retirement plan, contingent on completion of the 363 Sale.

2009 Revised UAW Settlement Agreement

In May 2009 the UAW and Old GM agreed to the 2009 Revised UAW Settlement Agreement relating to the UAW hourly retiree medical plan and the 2008 UAW Settlement Agreement that permanently shifted responsibility for providing retiree health care from Old GM to the New Plan funded by the New VEBA. The 2009 Revised UAW Settlement Agreement was subject to the successful completion of the 363 Sale and we and the UAW executed the 2009 Revised UAW Settlement Agreement on July 10, 2009 in connection with the 363 Sale. Details of the most significant changes to the agreement are:

- The Implementation Date changed from January 1, 2010 to the later of December 31, 2009 or the emergence from bankruptcy, which occurred on July 10, 2009;
- The timing of payments to the New VEBA changed as subsequently discussed;
- The form of consideration changed as subsequently discussed;
- The contribution of employer securities changed such that they are contributed directly to the New VEBA in connection with the 363 Sale on July 10, 2009;
- Certain coverages will be eliminated and certain cost sharing provisions will increase; and
- The flat monthly special pension lifetime benefit that was scheduled to commence on January 1, 2010 was eliminated.

There was no change to the timing of our existing internal VEBA asset transfer to the New VEBA in that the internal VEBA asset transfer occurred within 10 business days after December 31, 2009 in accordance with both the 2008 UAW Settlement Agreement and the 2009 Revised UAW Settlement Agreement.

The new payment terms to the New VEBA under the 2009 Revised UAW Settlement Agreement are:

- VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, are scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- 260 million shares of our Series A Preferred Stock that accrue cumulative dividends at 9.0% per annum;
- 88 million shares (17.5%) of our common stock;
- A warrant to acquire 15 million shares (2.5%) of our common stock at $126.92 per share at any time prior to December 31, 2015;
- Two years funding of claims costs for certain individuals that elected to participate in the 2009 Special Attrition Programs; and
- The existing internal VEBA assets.

Under the terms of the 2009 Revised UAW Settlement Agreement, we are released from UAW retiree health care claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the 2009 Revised UAW Settlement Agreement.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, the IUE-CWA, and the USW. Under the settlement agreement, the IUE-CWA and the USW agreed to withdraw and release all claims against us and MLC relating to retiree health care benefits and basic life insurance benefits. In exchange, the IUE-CWA, the USW and any additional union that agrees to the terms of the settlement agreement will be granted an allowed pre-petition unsecured claim in MLC's Chapter 11 proceedings of $1.0 billion with respect to retiree health and life insurance benefits for the post-age-65 medicare eligible retirees, post-age-65 surviving spouses and under-age-65 medicare eligible retirees or surviving spouses disqualified for retiree health care benefits from us under the settlement agreement. For participants remaining eligible for health care, certain coverages were eliminated and cost sharing will increase.

The settlement agreement was expressly conditioned upon, and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to health care and life insurance.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified the 2009 CAW Agreement intended to reduce manufacturing costs in Canada by closing the competitive gap with transplant automakers in the United States on active employee labor costs and reducing legacy costs through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments.

GMCL subsequently entered into additional negotiations with the CAW which resulted in a further addendum to the 2008 collective agreement which was ratified by the CAW members in May 2009. In June 2009 the Ontario and Canadian governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL.

In June 2009 GMCL and the CAW agreed to the terms of an independent Health Care Trust (HCT) to provide retiree health care benefits to certain active and retired employees represented by the CAW. The HCT will be implemented when certain preconditions are achieved including certain changes to the Canadian Income Tax Act. The preconditions have not been achieved and the HCT is not yet implemented at December 31, 2009. Under the terms of the HCT agreement, GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period December 31, 2009 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a

Table of Contents

CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree health care benefits to current employees and retired plan participants.

Canadian Defined Benefit Pension Plan Contributions

Under the terms of the pension agreement with the Government of Ontario and the Superintendent of Financial Services, GMCL was required to make initial contributions of CAD $3.3 billion to the Canadian hourly defined benefit pension plan and CAD $0.7 billion to the Canadian salaried defined benefit pension plan, effective September 2, 2009. The contributions were made as scheduled. GMCL is required to make five annual contributions of CAD $200 million, payable in monthly installments, beginning in September 2009. The payments will be allocated between the Canadian hourly defined benefit pension plan and the Canadian salaried defined benefit pension plan as specified in the loan agreement.

Delphi Corporation

In July 2009 we entered into the DMDA with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer and four domestic facilities. As a result of the DMDA, active Delphi plan participants at the sites covered by the DMDA are now covered under our comparable counterpart plans as new employees with vesting rights. As part of the DMDA, we also assumed liabilities associated with certain international benefit plans.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program. The Supplemental Unemployment Benefit (SUB) was modified and the Transition Support Program (TSP) was added. These job security programs provide reduced wages and employees continue to receive coverage under certain employee benefit programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities, and expenses. As a result, certain financial information at and in the period July 10, 2009 through December 31, 2009 is not comparable to Old GM's financial information. Therefore, we did not combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to prior periods. We have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined vehicle sales data comparing the Successor and Predecessor periods. Refer to Note 2 to the consolidated financial statements for additional information on fresh-start reporting.

Because our and Old GM's financial information is not comparable, we are providing additional financial metrics for the periods presented in addition to disclosures concerning significant transactions and trends at December 31, 2009 and in the periods presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases and sales of parts and accessories.

Cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit gains and losses, and separation and impairment charges. Prior to our application of fresh-start reporting, Cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and state and local taxes.

Consolidated Results of Operations
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales and revenue				
Sales	$ 57,329	$ 46,787	$ 147,732	$ 177,594
Other revenue	145	328	1,247	2,390
Total net sales and revenue	57,474	47,115	148,979	179,984
Costs and expenses				
Cost of sales	56,381	55,814	149,257	165,573
Selling, general and administrative expense	6,006	6,161	14,253	14,412
Other expenses, net	15	1,235	6,699	4,308
Total costs and expenses	62,402	63,210	170,209	184,293
Operating loss	(4,928)	(16,095)	(21,230)	(4,309)
Equity in income (loss) of and disposition of interest in GMAC	—	1,380	(6,183)	(1,245)
Interest expense	(694)	(5,428)	(2,525)	(3,076)
Interest income and other non-operating income, net	440	852	424	2,284
Gain (loss) on extinguishment of debt	(101)	(1,088)	43	—
Reorganization gains, net	—	128,155	—	—
Income (loss) from continuing operations before income taxes and equity income	(5,283)	107,776	(29,471)	(6,346)
Income tax expense (benefit)	(1,000)	(1,166)	1,766	36,863
Equity income, net of tax	497	61	186	524
Income (loss) from continuing operations	(3,786)	109,003	(31,051)	(42,685)
Discontinued operations				
Income from discontinued operations, net of tax	—	—	—	256
Gain on sale of discontinued operations, net of tax	—	—	—	4,293
Income from discontinued operations	—	—	—	4,549
Net income (loss)	(3,786)	109,003	(31,051)	(38,136)
Less: Net (income) loss attributable to noncontrolling interests	(511)	115	108	(406)
Net income (loss) attributable to stockholders	(4,297)	109,118	(30,943)	(38,542)
Less: Cumulative dividends on preferred stock	131	—	—	—
Net income (loss) attributable to common stockholders	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)(b)			
GMNA	1,913	3,449	4,267
GME	1,134	1,550	1,828
GMIO (b)	3,456	3,145	3,191
Worldwide	6,503	8,144	9,286

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

(b) Includes SGM, SGMW and FAW-GM joint venture production. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM production volume in China.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)									
GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
GMIO (c)	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
Worldwide	64,257	7,478	11.6%	67,176	8,362	12.4%	70,929	9,370	13.2%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer.

(b) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(c) Includes SGM, SGMW and FAW-GM joint venture sales. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of global market share.

(d) Vehicle sales data may include rounding differences.

Reconciliation of Segment Results

Management believes earnings before interest and taxes (EBIT) provides meaningful supplemental information regarding our operating results because it excludes amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons, benchmark performance among geographic regions and assess whether our plan to return to profitability is on target. Accordingly, we believe EBIT is useful in allowing for greater transparency of supplemental information used by management in its financial and operational decision-making.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

While management believes that EBIT provides useful information, it is not an operating measure under U. S. GAAP and there are limitations associated with its use. Our calculation of EBIT may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to common stockholders. Due to these limitations, EBIT is used as a supplement to U. S. GAAP measures.

The following table summarizes the reconciliation of Income (loss) attributable to stockholders before interest and taxes to Net income (loss) attributable to stockholders for each of our operating segments (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Operating segments				
GMNA (a)	$ (4,820)	$ (11,092)	$ (12,203)	$ 1,876
GMIO (a)	1,198	(956)	473	1,911
GME (a)	(805)	(2,823)	(2,637)	(410)
Total operating segments	(4,427)	(14,871)	(14,367)	3,377
Corporate and eliminations (b)	(360)	128,068	(12,940)	(3,208)
Income (loss) attributable to stockholders before interest and income taxes	(4,787)	113,197	(27,307)	169
Interest income	184	183	655	1,228
Interest expense	694	5,428	2,525	3,076
Income tax expense (benefits)	(1,000)	(1,166)	1,766	36,863
Net income (loss) attributable to stockholders	$ (4,297)	$ 109,118	$ (30,943)	$ (38,542)

(a) Interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our operating segments between Income (loss) attributable to stockholders before interest and taxes and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009 (Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 104,589	$ 57,474	$ 47,115	$ 148,979	$(44,390)	(29.8)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 several factors have continued to affect global vehicle sales. The continuing tight credit markets, increasing unemployment rates and recessions in the U.S. and many international markets all contributed to significantly lower sales than those in the prior year. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings also negatively affected vehicle sales in several markets.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In response to these negative conditions, several countries took action to improve vehicle sales. Many countries in the Asia Pacific region have responded to the global recession by lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales. Certain countries including Germany, China, Brazil, India and South Korea benefited from effective government economic stimulus packages and began showing signs of recovery, and the CARS program initiated by the U.S. government temporarily stimulated vehicle sales in the U.S. We expect that the challenging sales environment resulting from the economic slowdown will continue in 2010, but we anticipate that China and other key emerging markets will continue showing strong sales and market growth.

In the year ended 2009 Total net sales and revenue decreased by $44.4 billion (or 29.8%) primarily due to: (1) a decrease of revenue of $36.7 billion in GMNA related to volume reductions; (2) a decrease in domestic wholesale volumes and lower exports of $11.0 billion in GMIO; (3) a decrease in domestic wholesale volumes of $4.8 billion in GME; (4) foreign currency translation and transaction losses of $3.7 billion in GME, primarily due to the strengthening of the U.S. Dollar versus the Euro; (5) a decrease in sales revenue of $1.2 billion in GME related to Saab; (6) lower powertrain and parts and accessories revenue of $0.8 billion in GME; and (7) a decrease in other financing revenue of $0.7 billion related to the continued liquidation of the portfolio of automotive retail leases.

These decreases in Total net sales and revenue were partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals, mostly related to daily rental car vehicles returned from lease and sold at auction, of $5.4 billion in GMNA; (2) favorable vehicle mix of $2.8 billion in GMNA; (3) favorable vehicle pricing of $1.3 billion in GME; (4) gains on derivative instruments of $0.9 billion in GMIO; (5) favorable pricing of $0.5 billion in GMIO, primarily due to a 60% price increase in Venezuela due to high inflation; and (6) favorable vehicle mix of $0.4 billion in GMIO driven by launches of new vehicle models at GM Daewoo.

Cost of Sales

	Successor		Predecessor	
	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue
Cost of sales	$ 56,381	98.3%	$ 55,814	118.5%
Gross margin	$ 1,093	1.9%	$ (8,699)	(18.5)%

Cost of sales for the year ended December 2009, representing our cost of sales combined with Old GM's, is down from historical levels primarily due to reduced volume.

GM

In the period July 10, 2009 through December 31, 2009 Cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of the UAW hourly retiree medical plan and Mitigation Plan; (2) foreign currency translation losses of $1.3 billion; and (3) separation charges of $0.2 billion. These expenses were partially offset by foreign currency transaction gains of $0.5 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Cost of sales included: (1) incremental depreciation charges of $2.0 billion in GMNA that Old GM recorded prior to the 363 Sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained at July 10, 2009; (2) foreign currency translation losses of $0.7 billion, primarily in GMNA due to the strengthening of the Canadian Dollar versus the U.S. Dollar; and (3) foreign currency transaction losses of $0.3 billion.

In the period January 1, 2009 through July 9, 2009 Cost of sales included: (1) charges of $1.1 billion related to the SUB and TSP; (2) separation charges of $0.7 billion related to hourly employees who participated in the 2009 Special Attrition Program and Second 2009 Special Attrition Program; (3) expenses of $0.7 billion related to U.S. pension and other postemployment benefit (OPEB) plans

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

for hourly and salary employees; (4) separation charges of $0.3 billion for U.S. salaried workforce reduction programs to allow 6,000 terminated employees to receive ongoing wages and benefits for no longer than 12 months; and (5) expenses of $0.3 billion related to Canadian pension and OPEB plans for hourly and salary employees and restructuring activities. These costs were partially offset by favorable adjustments of $0.7 billion primarily related to the suspension of the JOBS Program.

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected the under absorption of manufacturing overhead resulting from declining sales volumes and incremental depreciation of $2.0 billion and $0.7 billion in GMNA and GME.

Selling, General and Administrative Expense

	Successor		Predecessor	
	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue
Selling, general and administrative expense	$ 6,006	10.4%	$ 6,161	13.1%

Selling, general and administrative expense for the year ended December 2009, representing our selling, general and administrative expense combined with Old GM's is down from historical levels due to reduced advertising and other spending.

GM

In the period July 10, 2009 through December 31, 2009 Selling, general and administrative expense included charges of $0.3 billion in GMNA, primarily for dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealer network were terminated. These expenses were partially offset by reductions on overall spending for media and advertising fees related to our global cost saving initiatives and a decline in Saturn sales and marketing efforts in anticipation of the sale of Saturn, and ultimately, the wind-down of operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Selling, general and administrative expense included charges of $0.5 billion recorded for dealer wind-down costs in GMNA. This was partially offset by the positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing budgets.

Interest Expense

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest expense	$ (694)	$ (5,428)

GM

As a result of the 363 Sale, our debt balance is significantly lower than Old GM's. Accordingly, Interest expense is down from historical levels.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM recorded amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion. In addition, Old GM incurred interest expense of $1.7 billion primarily related to interest expense of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

$0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO debt. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009, the date of its Chapter 11 Proceedings.

Gain (Loss) on Extinguishment of Debt

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Gain (loss) on extinguishment of debt	$ (101)	$ (1,088)

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM recorded a loss related to the extinguishment of the UST GMAC Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts to shares of GMAC's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's $1.5 billion U.S. term loan in March 2009.

Income Tax Expense (Benefit)

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Income tax expense (benefit)	$ (1,000)	$ (1,166)

GM

In the period July 10, 2009 through December 31, 2009 Income tax expense (benefit) primarily resulted from a $1.4 billion income tax allocation between operations and Other comprehensive income, partially offset by income tax provisions of $0.3 billion for profitable entities. In the period July 10, 2009 through December 31, 2009 our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, primarily due to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax expense (benefit) primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion between the U.S. and Canadian governments, offset by income tax provisions of profitable entities.

Equity Income, net of tax

	Successor		Predecessor	
	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue
SGM and SGMW	$ 466	0.8%	$ 298	0.6%
Other equity interests	31	0.1%	(237)	(0.5)%
Total equity income, net of tax	$ 497	0.9%	$ 61	0.1%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the period July 10, 2009 through December 31, 2009 equity income, net of tax reflected increased sales volume at SGM and SGMW.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax reflected: (1) increased sales volume at SGM; (2) charges of $0.2 billion related to Old GM's investment in New United Motor Manufacturing, Inc. (NUMMI); and (3) equity losses of $0.1 billion related to NUMMI and CAMI Automotive, Inc. (CAMI), primarily due to lower volumes.

2008 Compared to 2007
(Dollars in Millions)

Automotive Industry

Global industry vehicle sales decreased in the year ended 2008 by 3.8 million vehicles (or 5.3%) to 67.2 million vehicles. This decline started in North America and extended into the other regions, especially during the second half of 2008, reflecting the effect of slowing economies, tightening credit markets, volatile oil prices and declining consumer confidence around the world. Industry vehicle sales in North America decreased by 3.1 million vehicles (or 15.6%) to 16.6 million vehicles and Europe decreased by 1.2 million vehicles (or 5.0%) to 22.0 million vehicles. These decreases were offset by industry vehicle sales increases in the Asia Pacific and the Latin America, Africa and Middle East (LAAM) regions by 468,000 vehicles (or 1.7%) to 28.6 million vehicles.

Total Net Sales and Revenue

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Total net sales and revenue	$ 148,979	$ 179,984	$ (31,005)	(17.2)%

Total net sales and revenue decreased in the year ended 2008 by $31.0 billion (or 17.2%) primarily due to declining Sales of $29.9 billion. This decrease reflects the decline in the global automotive industry that resulted from tightening credit markets, a recession in the U.S. and Western Europe, volatile oil prices and declining consumer confidence around the world. These factors first affected the U.S. economy in late 2007 and continued to deteriorate and spread during 2008 to Western Europe and the emerging markets in Asia and South America. Sales decreased by $26.3 billion in GMNA primarily due to: (1) declining volumes and unfavorable vehicle mix of $23.1 billion; and (2) an increase in the accrual for residual support programs for leased vehicles of $1.8 billion related to the decline in residual values of fullsize pick-up trucks and sport utility vehicles in the middle of 2008. Sales also decreased in GME by $3.1 billion and in GMIO by $0.2 billion.

Cost of Sales

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Cost of sales	$ 149,257	$ 165,573	$ (16,316)	(9.9)%
Gross margin	$ (278)	$ 14,411	$ (14,689)	(101.9)%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended 2008 Cost of sales decreased by $16.3 billion (or 9.9%) due to: (1) decreased costs related to lower production volumes of $14.0 billion in GMNA; (2) a net curtailment gain of $4.9 billion in GMNA related to the 2008 UAW Settlement Agreement; (3) a decrease in wholesale sales volumes of $3.5 billion in GME; (4) non-recurring pension prior service costs of $2.2 billion recorded in GMNA in the year ended 2007; (5) manufacturing savings of $1.4 billion in GMNA from lower manufacturing costs and hourly headcount levels resulting from attrition programs and productivity improvements; and (6) favorable foreign currency translation gains of $1.4 billion in GMNA, primarily due to the strengthening of the U.S. Dollar versus the Canadian Dollar.

These decreases were partially offset by: (1) charges of $5.8 billion in GMNA related to restructuring and other costs associated with Old GM's special attrition programs, certain Canadian facility idlings and finalization of Old GM's negotiations with the CAW; (2) foreign currency translation losses of $2.4 billion in GME, primarily driven by the strengthening of the Euro and Swedish Krona, offset partially by the weakening of the British Pound versus the U.S. Dollar; (3) expenses of $1.7 billion in GMNA related to the salaried post-65 healthcare settlement; (4) increased content cost of $0.7 billion in GMIO driven by an increase in imported material costs at Venezuela and high inflation across the region; (5) increased Delphi related charges of $0.6 billion in GMNA related to certain cost subsidies reimbursed during the year.

Selling, General and Administrative Expense

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Selling, general and administrative expense	$ 14,253	$ 14,412	$ (159)	(1.1)%

In the year ended 2008 Selling, general and administrative expense decreased by $0.2 billion (or 1.1%) primarily due to: (1) reductions in incentive and compensation and profit sharing costs of $0.4 billion in GMNA; and (2) a decrease in advertising, selling and sales promotion expenses of $0.3 billion in GMNA. These decreases were partially offset by: (1) a charge of $0.2 billion related to the 2008 Salaried Window Program in GMNA; (2) increased administrative, marketing and selling expenses of $0.2 billion in GMIO, primarily due to Old GM's expansion in Russia and other European markets; and (3) bad debt charges of $0.2 billion.

Other Expenses, net

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Other expenses, net	$ 6,699	$ 4,308	$ 2,391	55.5%

In the year ended 2008 Other expenses, net increased $2.4 billion (or 55.5%) primarily due to: (1) increased charges of $3.3 billion related to the Delphi Benefit Guarantee Agreements; (2) impairment charges related to goodwill of $0.5 billion and $0.2 billion in GME and GMNA; partially offset by (3) a non-recurring charge of $0.6 billion recorded in the year ended 2007 for pension benefits granted to future and current retirees of Delphi.

Equity in Income (Loss) of and Disposition of Interest in GMAC

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Equity in income (loss) of and disposition of interest in GMAC	$ 916	$ (1,245)	$ 2,161	173.6%
Impairment charges related to GMAC Common Membership Interests	(7,099)	—	(7,099)	n.m.
Total equity in income (loss) of and disposition of interest in GMAC	$ (6,183)	$ (1,245)	$ (4,938)	n.m.

n.m. = not meaningful

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended 2008 Equity in loss of and disposition of interest in GMAC increased $4.9 billion due to impairment charges of $7.1 billion related to Old GM's investment in GMAC Common Membership Interests, offset by an increase in Old GM's proportionate share of GMAC's income from operations of $2.2 billion.

Interest Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest expense	$ (2,525)	$ (3,076)	$ 551	17.9%

Interest expense decreased in the year ended 2008 by $0.6 billion (or 17.9%) due to the de-designation of certain derivatives as hedges of $0.3 billion and an adjustment to capitalized interest of $0.2 billion.

Interest Income and Other Non-Operating Income, net

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Interest income and other non-operating income, net	$ 424	$ 2,284	$ (1,860)	(81.4)%

In the year ended 2008 Interest income and other non-operating income, net decreased by $1.9 billion (or 81.4%) primarily due to impairment charges of $1.0 billion related to Old GM's GMAC Preferred Membership Interests in the year ended 2008 and a reduction in interest earned on cash balances of $0.3 billion due to lower market interest rates and lower cash balances on hand.

Income Tax Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Income tax expense	$ 1,766	$ 36,863	$ (35,097)	(95.2)%

Income tax expense decreased in the year ended 2008 by $35.1 billion (or 95.2%) due to the effect of recording valuation allowances of $39.0 billion against Old GM's net deferred tax assets in the United States, Canada and Germany in the year ended 2007, offset by the recording of additional valuation allowances in the year ended 2008 of $1.9 billion against Old GM's net deferred tax assets in South Korea, the United Kingdom, Spain, Australia, other jurisdictions.

Equity Income, net of tax

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
SGM and SGMW	$ 312	$ 430	$ (118)	(27.4)%
Other equity interests	(126)	94	(220)	n.m.
Total equity income, net of tax	$ 186	$ 524	$ (338)	n.m.

n.m. = not meaningful

In the year ended 2008 Equity income, net of tax decreased by $0.3 billion due to: (1) lower earnings at SGM driven by a volume decrease, mix deterioration and higher sales promotion expenses, partially offset by higher earnings at SGMW driven by a volume increase; (2) a decrease of $0.2 billion in GMNA due to impairment charges and lower income from Old GM's investments in NUMMI and CAMI.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in millions, except share amounts)

	Successor December 31, 2009	Predecessor December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 22,679	$ 14,053
Marketable securities	134	141
Total cash, cash equivalents and marketable securities	22,813	14,194
Restricted cash	13,917	672
Accounts and notes receivable (net of allowance of $250 and $422)	7,518	7,918
Inventories	10,107	13,195
Assets held for sale	388	—
Equipment on operating leases, net	2,727	5,142
Other current assets and deferred income taxes	1,777	3,146
Total current assets	59,247	44,267
Non-Current Assets		
Restricted cash	1,489	1,917
Equity in net assets of nonconsolidated affiliates	7,936	2,146
Assets held for sale	530	—
Equipment on operating leases, net	3	442
Property, net	18,687	39,665
Goodwill	30,672	—
Intangible assets, net	14,547	265
Deferred income taxes	564	98
Prepaid pension	98	109
Other assets	2,522	2,130
Total non-current assets	77,048	46,772
Total Assets	$ 136,295	$ 91,039
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable (principally trade)	$ 18,725	$ 22,259
Short-term debt and current portion of long-term debt	10,221	16,920
Liabilities held for sale	355	—
Postretirement benefits other than pensions	846	4,002
Accrued expenses	22,288	32,427
Total current liabilities	52,435	75,608
Non-Current Liabilities		
Long-term debt	5,562	29,018
Liabilities held for sale	270	—
Postretirement benefits other than pensions	8,708	28,919
Pensions	27,086	25,178
Other liabilities and deferred income taxes	13,279	17,392
Total non-current liabilities	54,905	100,507
Total liabilities	107,340	176,115
Commitments and contingencies		
Preferred stock, $0.01 par value (1,000,000,000 shares authorized and 360,000,000 shares issued and outstanding at December 31, 2009)	6,998	—
Equity (Deficit)		
Old GM		
Preferred stock, no par value (6,000,000 shares authorized, no shares issued and outstanding)	—	—
Preference stock, $0.10 par value (100,000,000 shares authorized, no shares issued and outstanding)	—	—
Common stock, $1 2/3 par value common stock (2,000,000,000 shares authorized, 800,937,541 shares issued and 610,483,231 shares outstanding at December 31, 2008)	—	1,017
General Motors Company		
Common stock, $0.01 par value (2,500,000,000 shares authorized and 500,000,000 shares issued and outstanding at December 31, 2009)	5	—
Capital surplus (principally additional paid-in capital)	24,050	16,489
Accumulated deficit	(4,394)	(70,727)
Accumulated other comprehensive income (loss)	1,588	(32,339)
Total stockholders' equity (deficit)	21,249	(85,560)
Noncontrolling interests	708	484
Total equity (deficit)	21,957	(85,076)
Total Liabilities and Equity (Deficit)	$ 136,295	$ 91,039

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Liquidity Measures

	Successor December 31, 2009	Predecessor December 31, 2008
Current ratio	1.13	0.59
Days sales outstanding (a)	17	25
Inventory turnover (a)	2.54	1.85
Days payable outstanding (a)	54	68

(a) These measurements show the relationship of the applicable sales or cost of sales activity and the related average balance carried during the quarter ended December 31, 2009 and 2008.

Current Assets

GM

At December 31, 2009 Restricted cash of $13.9 billion was primarily comprised of $13.4 billion in our UST Credit Agreement and Canadian Health Care Trust escrow accounts. The remainder was primarily comprised of amounts prefunded related to supplier payments and other third parties and other cash collateral requirements.

At December 31, 2009 Accounts and notes receivable, net of $7.5 billion was affected by lower volumes.

At December 31, 2009 Inventories were $10.1 billion. Inventories were recorded on a FIFO basis and were affected by efforts to reduce inventory levels globally.

At December 31, 2009 current Assets held for sale of $0.4 billion were related to Saab. Saab's Assets held for sale were primarily comprised of cash and cash equivalents, inventory and receivables.

At December 31, 2009 Equipment on operating leases, net of $2.7 billion was comprised of vehicle sales to daily rental car companies and to retail leasing customers. At December 31, 2009 there were 119,000 vehicles leased to U.S. daily rental car companies and 24,000 vehicles leased through the automotive retail portfolio. The numbers of vehicles on lease were at lower levels primarily due to the continued wind-down of our automotive retail portfolio.

Old GM

At December 31, 2008 Restricted cash of $0.7 billion was primarily comprised of amounts pre-funded related to supplier payments and other third parties and other cash collateral requirements.

At December 31, 2008 Inventories were $13.2 billion. Inventories for certain business units were recorded on a LIFO basis.

At December 31, 2008 Equipment on operating leases, net of $5.1 billion was comprised of vehicle sales to daily rental car companies and to retail leasing customers. At December 31, 2008 there were 137,000 vehicles leased to U.S. daily rental car companies and 133,000 vehicles leased through the automotive retail portfolio.

Non-Current Assets

GM

At December 31, 2009 Restricted cash of $1.5 billion was primarily comprised of collateral for insurance related activities and other cash collateral requirements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2009 Equity in net assets of nonconsolidated affiliates of $7.9 billion was primarily comprised of our investment in SGM and SGMW. In connection with our application of fresh-start reporting, we recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. In the three months ended December 31, 2009 we also recorded an investment of $1.9 billion in New Delphi.

At December 31, 2009 non-current Assets held for sale of $0.5 billion were related to certain of our operations in India (India Operations). The India Operations Assets held for sale were primarily comprised of cash and cash equivalents, inventory, receivables and property, plant and equipment. We classified these Assets held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for the India Operations that will not convert to cash within one year.

At December 31, 2009 Property, net was $18.7 billion. In connection with our application of fresh-start reporting, we recorded Property at its fair value of $18.5 billion at July 10, 2009.

At December 31, 2009 Goodwill was $30.7 billion. In connection with our application of fresh-start reporting, we recorded Goodwill of $30.5 billion at July 10, 2009. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets.

At December 31, 2009 Intangible assets, net were $14.5 billion. In connection with our application of fresh-start reporting, we recorded Intangible assets at their fair value of $16.1 billion at July 10, 2009. Newly recorded identifiable intangible assets include brand names, our dealer network, customer relationships, developed technologies, favorable contracts and other intangible assets.

At December 31, 2009 Other assets of $2.5 billion was primarily comprised of our cost method investments in GMAC common and preferred stock. In connection with our application of fresh-start reporting, we recorded our investments in GMAC common and preferred stock at their fair values of $1.3 billion and $0.7 billion at July 10, 2009. In the three months ended December 31, 2009 we recorded an impairment charge of $0.3 billion related to our investment in GMAC common stock.

Old GM

At December 31, 2008 Restricted cash of $1.9 billion was primarily comprised of collateral for insurance related activities and other cash collateral requirements.

At December 31, 2008 Equity in net assets of nonconsolidated affiliates of $2.1 billion was primarily comprised of Old GM's investments in SGM, SGMW and GMAC. In May 2009 Old GM's ownership interest in GMAC's Common Membership Interests was reduced to 24.5% and at June 30, 2009 GMAC converted its status to a C corporation. At that date Old GM began to account for its investment in GMAC using the cost method rather than equity method as Old GM no longer exercised significant influence over GMAC.

At December 31, 2008 Other assets of $2.1 billion was primarily comprised of taxes other than income, derivative assets and debt issuance expense.

Current Liabilities

At December 31, 2009 Accounts payable was $18.7 billion. Accounts payable amounts were correlated, in part, with vehicle production and sales volume, which drive purchases of materials, freight costs and advertising expenditures.

At December 31, 2009 Short-term debt and current portion of long-term debt of $10.2 billion was primarily comprised of amounts we entered into or assumed under various agreements with the U.S. and Canadian governments. In addition, we assumed secured and unsecured debt obligations (including capital leases) owed by our subsidiaries.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2009 current Liabilities held for sale of $0.4 billion were related to Saab. Saab's Liabilities held for sale were primarily comprised of accounts payable, warranty and pension obligations and other liabilities.

At December 31, 2009 our current OPEB obligation of $0.8 billion included the effect of the 2009 Revised UAW Settlement Agreement and other OPEB plan changes.

At December 31, 2009 Accrued expenses were $22.3 billion. Major components of accrued expenses were dealer and customer allowances, claims and discounts, deposits from rental car companies, policy, product warranty and recall campaigns, accrued payrolls and employee benefits, current pension obligation, taxes other than income taxes and liabilities related to plant closures. Accrued expenses were affected by sales volumes which affect customer deposits, dealer incentives and policy and warranty costs as well as certain liabilities MLC retained as a result of the 363 transaction.

Old GM

At December 31, 2008 Accounts payable was $22.3 billion. Accounts payable amounts were correlated, in part, with vehicle production and sales volume, which drive purchases of materials, freight costs and advertising expenditures.

At December 31, 2008 Short-term debt and current portion of long-term debt of $16.9 billion was primarily comprised of UST Loans, a secured revolving credit facility and secured and unsecured debt obligations (including capital leases) owed by Old GM's subsidiaries.

In connection with the 363 Sale, MLC retained Old GM's unsecured U.S. dollar denominated bonds, foreign currency denominated bonds, contingent convertible debt and certain other debt obligations of $2.4 billion.

At December 31, 2008 the current OPEB obligation of $4.0 billion represents the liability to provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents.

At December 31, 2008 Accrued expenses were $32.4 billion. Major components of accrued expenses were dealer and customer allowances, claims and discounts, deposits from rental car companies, policy, product warranty and recall campaigns, accrued payrolls and employee benefits, current pension obligation, taxes other than income taxes and liabilities related to plant closures. Other accrued expenses included accruals for advertising and promotion, legal, insurance, and various other items.

Non-Current Liabilities

GM

At December 31, 2009 Long-term debt of $5.6 billion was primarily comprised of VEBA Notes and secured and unsecured debt obligations (including capital leases) owed by our subsidiaries. In connection with our application of fresh-start reporting, we recorded a decrease of $1.5 billion to record Long-term debt at its fair value of $2.5 billion at July 10, 2009.

At December 31, 2009 non-current Liabilities held for sale of $0.3 billion were related to certain of our operations in India (India Operations). The India Operations Liabilities held for sale were primarily comprised of accounts payable, warranty and pension obligations and other liabilities. We classified these Liabilities held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for the India Operations that will not convert to cash within one year.

At December 31, 2009 our non-current OPEB obligation of $8.7 billion included the effect of the 2009 Revised UAW Settlement Agreement and other OPEB plan changes. In May 2009 the UAW, the UST and Old GM agreed to the 2009 Revised UAW Settlement Agreement, subject to the successful completion of the 363 Sale, which related to the 2008 UAW Settlement Agreement that permanently shifted responsibility for providing retiree health care from Old GM to the New Plan funded by the New VEBA. We and the UAW executed the 2009 Revised Settlement Agreement on July 10, 2009 in connection with the 363 Sale closing. The 2009

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Revised UAW Settlement Agreement significantly reduced our OPEB obligations as a result of changing the amount, form and timing of the consideration to be paid to the New VEBA, eliminating certain coverages and increasing certain cost sharing provisions.

At December 31, 2009 our non-current Pensions obligation of $27.1 billion included the effects of the 2009 Salaried Window Program, 2009 Special Attrition Program, Second 2009 Special Attrition Program, Delphi Benefit Guarantee Agreements, the 2009 Revised UAW Settlement Agreement and other employee related actions.

At December 31, 2009 Other liabilities and deferred income taxes were $13.3 billion. Major components of Other liabilities included policy and product warranty, accrued payrolls and employee benefits, postemployment benefits including facility idling reserves, and dealer and customer allowances, claims and discounts.

Old GM

At December 31, 2008 Long-term debt of $29.0 billion was primarily comprised of: (1) unsecured U.S. Dollar denominated bonds of $14.9 billion; (2) foreign currency denominated bonds of $4.4 billion; and (3) contingent convertible debt of $6.4 billion. The remaining balance consisted mainly of secured and unsecured debt obligations (including capital leases) owed by Old GM's subsidiaries.

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009.

In connection with the 363 Sale, MLC retained Old GM's unsecured U.S. dollar denominated bonds, foreign currency denominated bonds, contingent convertible debt and certain other debt obligations of $25.5 billion.

At December 31, 2008 the non-current OPEB obligation of $28.9 billion represented the liability to provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents.

At December 31, 2008 the total non-current Pensions obligation of $25.2 billion included the effect of actual losses on plan assets, the transfer of the Delphi pension liability and other curtailments and amendments.

At December 31, 2008 Other liabilities and deferred income taxes were $17.4 billion. Major components of Other liabilities included product warranty and recall campaigns, accrued payrolls and employee benefits, insurance reserves, Delphi contingent liabilities, postemployment benefits including facility idling reserves, and dealer and customer allowances, claims and discounts.

Further information on each of our businesses and geographic segments is subsequently discussed.

GM North America
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 32,426	$ 24,191	$ 86,187	$ 112,448
Income (loss) attributable to stockholders before interest and income taxes	$ (4,820)	$ (11,092)	$ (12,203)	$ 1,876

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)			
Cars	727	1,543	1,526
Trucks	1,186	1,906	2,741
Total	1,913	3,449	4,267

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)									
Total GMNA	13,073	2,485	19.0%	16,567	3,565	21.5%	19,634	4,516	23.0%
Total U.S.	10,608	2,084	19.6%	13,503	2,981	22.1%	16,473	3,867	23.5%
U.S. – Cars	5,370	874	16.3%	6,756	1,257	18.6%	7,571	1,489	19.7%
U.S. – Trucks	5,238	1,210	23.1%	6,746	1,723	25.5%	8,902	2,377	26.7%
Canada	1,482	254	17.2%	1,674	359	21.4%	1,691	404	23.9%
Mexico	774	138	17.9%	1,071	212	19.8%	1,146	230	20.1%

(a) Vehicle sales represent sales to the ultimate customer.

(b) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(c) Vehicle sales data may include rounding differences.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009 (Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 56,617	$ 32,426	$ 24,191	$ 86,187	$ 29,570	(34.3)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 several factors affected vehicle sales. The continuing tight credit markets, increasing unemployment rates and a recession in North America and GMNA's largest market, the United States, negatively affected vehicle sales. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales in North America. These

Table of Contents

negative factors were partially offset in the period July 10, 2009 through December 31, 2009 by: (1) improved vehicle sales related to the CARS program; and (2) an increase in dealer showroom traffic and related vehicle sales in response to our new 60-Day satisfaction guarantee program, which began in early September 2009 and ended January 4, 2010.

In the year ended December 31, 2009 vehicle sales in the United States decreased by 896,000 vehicles (or 30.1%), U.S. market share decreased from 22.1% to 19.6%, vehicles sales in Canada decreased by 105,000 vehicles (or 29.2%) and vehicle sales in Mexico decreased by 74,000 (or 34.8%). In the year ended 2009 Total net sales and revenue decreased by $29.6 billion (or 34.3%) primarily due to a decrease in revenue of $36.7 billion related to volume reductions. The decline in revenue was partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion; and (2) favorable vehicle mix of $2.8 billion.

Income (Loss) Attributable to Stockholders Before Interest and Income Taxes

Loss attributable to stockholders before interest and income taxes was $4.8 billion and $11.1 billion in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009.

Cost and expenses includes both fixed costs and costs which generally vary with production levels. Certain fixed costs, primarily labor related, have continued to decrease in relation to historical levels primarily due to various separation and other programs. However, the implementation of various separation programs, as well as reducing the estimated useful lives of Property, net resulted in significant charges in various periods.

In the period July 10, 2009 through December 31, 2009 results included the following:

- A settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan and Mitigation Plan;
- Foreign currency translation losses of $1.3 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar;
- Charges of $0.3 billion primarily related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealership network were terminated; and
- Effects of fresh-start reporting, which included amortization of intangible assets which were established in connection with our application of fresh-start reporting, which was offset by decreased depreciation of fixed assets resulting from lower balances, and the elimination of historical deferred losses related to pension and postretirement obligations.

In the period January 1, 2009 through July 9, 2009 results included the following:

- Incremental depreciation charges of $2.0 billion recorded by Old GM prior to the 363 sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained;
- Charges of $1.1 billion related to the SUB and TSP, which replaced the JOBS Program;
- Separation charges of $1.0 billion related to hourly and salaried employees who participated in various separation programs; which were partially offset by favorable adjustments of $0.7 billion primarily related to the suspension of the JOBS Program;
- Foreign currency translation losses of $0.7 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar;
- Charges of $0.5 billion related to dealer wind-down costs; and
- Impairment charges of $0.2 billion related to Old GM's investment in NUMMI and equity losses of $0.1 billion related to NUMMI and CAMI. MLC retained the investment in NUMMI, and CAMI has been consolidated since March 1, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007
(Dollars in Millions)

Total Net Sales and Revenue

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Total net sales and revenue	$ 86,187	$ 112,448	$ (26,261)	(23.4)%

In the year ended 2008 industry vehicle sales in North America decreased by 3.1 million vehicles (or 15.6%). Industry vehicle sales decreased progressively in the first three quarters of 2008 with a sharp decline in the fourth quarter. Industry vehicle sales decreased by 331,000 vehicles (or 7.0%), decreased by 520,000 vehicles (or 9.8%) and decreased by 772,000 vehicles (or 15.6%) in the first, second and third quarters of 2008. The sharp fourth quarter decline resulted in decreased vehicle sales of 1.4 million vehicles (or 31.0%). The decrease in industry vehicle sales is directly attributable to the recession in the United States brought about by the tightening of the credit markets, turmoil in the mortgage markets, reductions in housing values and volatile oil prices, all of which contributed to declining consumer confidence.

The economic factors, as previously discussed, and the resulting recession in the United States, caused a similar effect on GMNA's vehicle sales in the year ended 2008. GMNA's vehicle sales decreased by 951,000 vehicles (or 21.1%) to 3.6 million vehicles in 2008, with 379,000 (or 39.9%) of the decrease occurring in the fourth quarter. GMNA's vehicle sales were 948,000 vehicles, 964,000 vehicles, 978,000 vehicles and 675,000 vehicles in the first, second, third and fourth quarters of 2008.

GMNA's U.S. vehicle sales in the year ended 2008 followed the industry trend with steady decreases in the first three quarters with a sharp decline in the fourth quarter. GMNA's U.S. vehicle sales decreased by 103,000 vehicles (or 11.4%), decreased by 214,000 vehicles (or 21.2%) and decreased by 218,000 vehicles (or 20.9%) in the first, second, and third quarters of 2008. The sharp fourth quarter decline resulted in decreased vehicle sales of 350,000 vehicles (or 39.0%). In the year ended 2008 GMNA's vehicle sales also decreased in Canada by 45,000 vehicles (or 11.1%) and decreased in Mexico by 18,000 vehicles (or 7.8%).

In the year ended 2008 Total net sales and revenue decreased by $26.3 billion (or 23.4%) due primarily to: (1) a decline in volumes and unfavorable vehicle mix of $23.1 billion resulting from continued market challenges; (2) an increase of $1.8 billion in the accrual for residual support programs for leased vehicles, primarily due to the decline in residual values of fullsize pick-up trucks and sport utility vehicles in the middle of 2008; (3) unfavorable pricing of $0.7 billion; (4) a decrease in sales of components, parts and accessories of $0.6 billion; partially offset by (5) foreign currency translation of $0.3 billion due to a strengthening of the U.S. Dollar versus the Canadian Dollar. Contributing to the volume decline was revenue of $0.8 billion that was deferred in the fourth quarter of 2008 related to deliveries to dealers that did not meet the criteria for revenue recognition, either because collectability was not reasonably assured or the risks and rewards of ownership were not transferred at the time of delivery.

Cost of Sales

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change Amount	%
Cost of sales	$ 90,806	$ 106,619	$ (15,813)	(14.8)%
Gross margin	$ (4,619)	$ 5,829	$ (10,448)	(179.2)%

In the year ended 2008 Cost of sales decreased $15.8 billion (or 14.8%) primarily due to: (1) decreased costs related to lower production volumes of $14.0 billion; (2) net curtailment gain of $4.9 billion related to the 2008 UAW Settlement Agreement; (3) manufacturing savings of $1.4 billion from lower manufacturing costs and hourly headcount levels resulting from attrition

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

programs and productivity improvements; (4) favorable foreign currency translation gains of $1.4 billion due primarily to the appreciation of the U.S. Dollar versus the Canadian Dollar; (5) pension prior service costs of $2.2 billion recorded in the year ended 2007; and (6) gains of $0.9 billion related to the fair value of commodity and foreign currency exchange derivatives. These decreases were partially offset by: (1) charges related to restructuring and other costs associated with Old GM's special attrition programs, certain Canadian facility idlings and finalization of Old GM's negotiations with the CAW of $5.8 billion; (2) expenses of $1.7 billion related to the salaried post-65 healthcare settlement; (3) commodity derivative losses of $0.8 billion; (4) increased Delphi related charges of $0.6 billion related to certain cost subsidies reimbursed during the year; and (5) increased warranty expenses of $0.5 billion.

Selling, General and Administrative Expense

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change	
			Amount	%
Selling, general and administrative expense	$ 7,744	$ 8,368	$ (624)	(7.5)%

In the year ended 2008 Selling, general and administrative expense decreased by $0.6 billion (or 7.5%) primarily due to: (1) reductions in incentive compensation and profit sharing costs of $0.4 billion; and (2) decreased advertising, selling and sales promotion expenses of $0.3 billion. These decreases were partially offset by $0.2 billion related to the 2008 Salaried Window Program.

Other Expenses, net

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change	
			Amount	%
Other expenses, net	$ 154	$ 552	$ (398)	(72.1)

In the year ended 2008 Other expenses, net was comprised of an impairment charge related to goodwill of $154 million.

In the year ended 2007 Other expenses, net of $0.6 billion was primarily related to a nonrecurring charge for pension benefits granted to future and current retirees of Delphi.

Other Non-Operating Income, net

	Predecessor			
	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended 2008 vs. 2007 Change	
			Amount	%
Other non-operating income, net	$ 487	$ 442	$ 45	10.2%

In the year ended 2008 Other non-operating income, net increased by $45 million (or 10.2%) primarily due to: (1) exclusivity fee income of $105 million; (2) a gain on sale of affiliates of $49 million; (3) miscellaneous income of $22 million; partially offset by: (4) a decrease in royalty income of $133 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity Income (Loss), net of tax

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
NUMMI	$ (118)	$ (5)	$ (113)	n.m.
CAMI	(72)	32	(104)	n.m.
Other	(11)	(5)	(6)	120.0%
Total equity income (loss), net of tax	$ (201)	$ 22	$ (223)	n.m.

In the year ended 2008 Equity income (loss), net of tax decreased by $0.2 billion due to impairment charges and lower income from Old GM's investments in NUMMI and CAMI.

GM International Operations
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 15,507	$ 11,678	$ 36,850	$ 37,059
Income (loss) attributable to stockholders before interest and income taxes	$ 1,198	$ (956)	$ 473	$ 1,911

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)(b)	3,456	3,145	3,191

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

(b) Includes SGM, SGMW and FAW-GM joint venture production. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM production volume in China.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)									
Total GMIO	32,358	3,326	10.3%	28,641	2,754	9.6%	28,173	2,672	9.5%
China	13,671	1,826	13.4%	9,074	1,095	12.1%	8,457	1,032	12.2%
Brazil	3,141	596	19.0%	2,820	549	19.5%	2,463	499	20.3%
Australia	937	121	12.9%	1,012	133	13.1%	1,050	149	14.2%
Middle East Operations	1,053	117	11.1%	1,118	144	12.9%	1,276	136	10.7%
South Korea	1,455	115	7.9%	1,215	117	9.7%	1,271	131	10.3%
Argentina	517	79	15.2%	616	95	15.5%	573	92	16.1%
India	2,240	69	3.1%	1,971	66	3.3%	1,989	60	3.0%
Colombia	185	67	36.1%	219	80	36.3%	252	93	36.8%
Egypt	204	52	25.6%	262	60	23.1%	227	40	17.5%
Venezuela	137	49	36.1%	272	90	33.2%	492	151	30.7%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer.

(b) Includes SGM, SGMW and FAW-GM joint venture vehicle sales. Ownership of 50% in SGM, 34% in SGMW and 50% in FAW-GM, under the joint venture agreements, allows for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of global market share. Combined GM and Old GM joint venture sales in China included in vehicle sales and market share data was 1.0 million vehicles in the year ended 2009. Old GM's joint venture vehicle sales in China included in vehicle sales and market share data was 606,000 vehicles and 516,000 vehicles in the years ended 2008 and 2007.

(c) Vehicle sales and market share data from sales of GM Daewoo produced Chevrolet brand products in Europe are reported as part of GME. Combined GM and Old GM sales of GM Daewoo produced Chevrolet brand products in Europe was 356,000 vehicles in the year ended 2009. Old GM's sales of GM Daewoo produced Chevrolet brand products in Europe was 434,000 vehicles and 400,000 vehicles in the years ended 2008 and 2007.

(d) Vehicle sales data may include rounding differences.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009
(Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 27,185	$ 15,507	$ 11,678	$ 36,850	$ (9,665)	(26.2)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, several factors have continued to affect vehicle sales. The continuing tight credit markets, increasing unemployment rates and recessionary trends in many international markets, resulted in depressed sales. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales in several markets. Many countries in GMIO have responded to the global recession by lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales. Certain countries including China, Brazil, India and South Korea have benefited from effective

Table of Contents

government economic stimulus packages and are showing signs of a recovery. In 2010 we anticipate a challenging sales environment resulting from the global economic slowdown with a partial offset from strong sales in China and Brazil.

In the year ended 2009 Total net sales and revenue decreased by $9.7 billion (or 26.2%) due to: (1) decreased domestic wholesale sales volume and lower exports from GM Daewoo of $4.2 billion, Middle East of $2.4 billion, Australia of $1.5 billion, Venezuela of $0.9 billion, Thailand of $0.6 billion, Argentina of $0.6 billion, South Africa of $0.5 billion, and Colombia of $0.3 billion; partially offset by (2) gains on derivative instruments of $0.9 billion at GM Daewoo; (3) favorable pricing of $0.5 billion primarily due to a 60% price increase in Venezuela due to high inflation; and (4) favorable vehicle mix of $0.4 billion driven by launches of new vehicle models at GM Daewoo.

The increase in vehicle sales related to China joint ventures is not reflected in Total net sales and revenue. The results of our China joint ventures are recorded in Equity income, net of tax.

Income (Loss) Attributable to Stockholders Before Interest and Income Taxes

Income (loss) attributable to stockholders before interest and income taxes was income of $1.2 billion and a loss of $1.0 billion in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009.

Costs and expenses include both fixed costs as well as costs which generally vary with production levels. Periodically, we have undertaken various separation programs, which have increased costs in the applicable periods with the goal of reducing labor costs in the long term.

Our results are affected by the earnings of our nonconsolidated equity affiliates, primarily our China joint ventures and noncontrolling interests share of earnings primarily in GM Daewoo.

In the period July 10, 2009 through December 31, 2009 results included the following:

- Separation costs of $0.1 billion related to voluntary and involuntary separation and early retirement programs;
- Foreign currency transaction gains of $0.1 billion primarily due to the Australian Dollar and Venezuelan Bolivar versus the U.S. Dollar; and
- Effects of fresh-start reporting, which included amortization of intangible assets, which were partially offset by the reduced value of inventory recorded through Cost of sales which were established in connection with our application of fresh-start reporting and decreased depreciation of fixed assets resulting from lower balances.

In the period January 1, 2009 through July 9, 2009 results included a foreign currency transaction loss of $0.4 billion related to foreign currency transactions outside of the official exchange market in Venezuela.

In the period ended January 1, 2009 through July 9, 2009 negative gross margin was driven by significant sales volume declines, which was not offset totally by declines in cost of sales due to high fixed manufacturing overhead and foreign currency transaction loss of $0.4 billion related to foreign currency transactions outside of the official exchange market in Venezuela.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007
(Dollars in Millions)

Total Net Sales and Revenue

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 36,850	$ 37,059	$ (209)	(0.6)%

Industry vehicle sales increased in the GMIO region in the first half of 2008 by 1.4 million vehicles (or 9.8%). As the global financial crisis, brought about by the tightening of the credit markets, volatile oil prices, slowdown of economic growth and declining consumer confidence, spread to the region, industry vehicle sales decreased 908,000 vehicles (or 6.4%) in the second half of 2008.

In the year ended 2008 industry vehicle sales in the GMIO region increased by 468,000 vehicles (or 1.7%) primarily due to increases in China of 616,000 vehicles (or 7.3%), in Brazil of 358,000 vehicles (or 14.5%) and Indonesia of 173,000 vehicles (or 39.9%). The growth from these markets more than offset the decline of 271,000 vehicles (or 5.1%) in Japan, 220,000 vehicles (or 44.8%) in Venezuela 158,000 vehicles (or 12.4%) in the Middle East and 124,000 vehicles (or 20.2%) in South Africa.

In the year ended 2008, Total net sales and revenue decreased by $0.2 billion (or 0.6%) due to: (1) our determination that certain of our derivative cash flow hedge instruments were no longer effective resulting in the termination of hedge accounting treatment of $2.1 billion; (2) decrease in sales volume driven by decreased wholesale volumes of $0.3 billion mainly in Venezuela, GM Daewoo, Colombia and South Africa; offset by (3) favorable foreign currency translation effect of $1.2 billion, related to the Brazilian Real, Euro and Australian Dollar versus the U.S. Dollar; (4) favorable net vehicle pricing of $0.6 primarily in Venezuela due to high inflation and Brazil as a result of industry growth and high demand in the first half of 2008; and (5) favorable product mix of $0.4 billion.

The decrease in vehicle sales related to China joint ventures is not reflected in Total net sales and revenue as China joint venture revenue is not consolidated in the financial results.

GMIO's vehicle sales were similar to the industry vehicle sales as their vehicle sales began to moderate in the third quarter and fell sharply during the fourth quarter of 2008. GMIO's vehicle sales increased by 76,000 vehicles (or 11.5%), increased by 102,000 vehicles (or 16.2%) and increased by 19,000 vehicles (or 2.8%) in the first, second and third quarters of 2008. GMIO's vehicle sales decreased by 115,000 vehicles (or 15.9%) in the fourth quarter of 2008. GMIO's China vehicle sales increased by 22,000 vehicles (or 7.4%), increased by 45,000 vehicles (or 19.3%) and increased by 10,000 vehicles (or 4.4%) in the first, second and third quarters of 2008. GMIO's vehicle sales in China decreased by 14,000 vehicles (or 5.1%) in the fourth quarter of 2008. The decline in GMIO's vehicle sales and vehicle sales in China, in the second half of 2008, was attributable to the same global economic factors affecting the GMIO region mentioned above. Despite the downturn in GMIO's vehicle sales in the second half of 2008, GMIO capitalized on the demand in the China passenger and light commercial vehicle markets. GMIO increased its vehicle sales throughout the region in 2008, in part due to strong sales in China where volumes exceeded 1.0 million vehicles for the second consecutive year.

Cost of Sales

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of sales	$ 34,178	$ 32,963	$ 1,215	3.7%
Gross margin	$ 2,672	$ 4,096	$ (1,424)	(34.8)%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended 2008 cost of sales increased by $1.2 billion (or 3.7%) primarily due to: (1) increased content cost of $0.7 billion driven by an increase in imported material costs at Venezuela and high inflation across the region primarily in Venezuela, Argentina and South Africa; (2) unfavorable product mix of $0.4 billion; and (3) foreign currency exchange transaction losses on purchases of treasury bills in the region of $0.2 billion.

Selling, General and Administrative Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 2,682	$ 2,482	$ 200	8.1%

In the year ended 2008 Selling, general and administrative expense increased by $200 million (or 8.1%) primarily due to Old GM's expansion in Russia and other European markets.

Other Non-Operating Income, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other non-operating income, net	$ 101	$ 175	$ (74)	(42.3)%

In the year ended 2008 Other non-operating income, net decreased by $74 million (or 42.3%) primarily due to insurance premiums received of $89 million, in 2007.

Equity Income, net of tax

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
SGM and SGMW	$ 312	$ 430	$ (118)	(27.4)%
Other equity interests	17	26	(9)	(34.6)%
Total equity income, net of tax	$ 329	$ 456	$ (127)	(27.9)%

In the year ended 2008 Equity income, net of tax decreased by $0.1 billion (or 27.9%) due to lower earnings at SGM.

Net (income) Loss Attributable to Noncontrolling Interests Before Interest and Income Taxes

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Net (income) loss attributable to noncontrolling interests before interest and income taxes	$ 53	$ (334)	$ 387	115.9%

In the year ended 2008 Net (income) loss attributable to noncontrolling interest before interest and income taxes decreased by $0.4 billion (or 115.7%) due to lower income at GM Daewoo.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Europe
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 11,520	$ 12,590	$ 34,388	$ 37,478
Loss attributable to stockholders before interest and income taxes	$ (805)	$ (2,823)	$ (2,637)	$ (410)

Vehicle Sales and Production Volume

The following tables summarize total production volume and industry sales of new motor vehicles and competitive position (in thousands):

	Combined GM and Old GM	Old GM	
	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Production Volume (a)	1,134	1,550	1,828

(a) Production volume represents the number of vehicles manufactured by our and Old GM's assembly facilities and also includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2009			Year Ended December 31, 2008			Year Ended December 31, 2007		
	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)									
Total GME	18,827	1,667	8.9%	21,968	2,043	9.3%	23,123	2,182	9.4%
Germany	4,049	382	9.4%	3,425	300	8.8%	3,482	331	9.5%
United Kingdom	2,223	287	12.9%	2,485	384	15.4%	2,800	427	15.2%
Italy	2,349	189	8.0%	2,423	202	8.3%	2,778	237	8.5%
Russia	1,494	142	9.5%	3,024	338	11.2%	2,707	260	9.6%
France	2,686	119	4.4%	2,574	114	4.4%	2,584	125	4.8%
Spain	1,075	94	8.7%	1,363	107	7.8%	1,939	171	8.8%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer including sales of Chevrolet brand products in the region. The financial results from sales of GM Daewoo produced Chevrolet brand products are reported as part of GMIO. Combined GM and Old GM sales of GM Daewoo produced Chevrolet brand products included in vehicle sales and market share data was 356,000 vehicles in the year ended 2009. Old GM's sales of GM Daewoo produced Chevrolet brand products included in vehicle sales and market share data was 434,000 and 400,000 vehicles in the years ended 2008 and 2007.

(b) Includes Saab vehicle sales data.

(c) Vehicle sales data may include rounding differences.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009
(Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 24,110	$ 11,520	$ 12,590	$ 34,388	$ (10,278)	(29.9)%

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 several factors have continued to affect vehicle sales. The continuing tight credit markets, increasing unemployment rates and a recession in many international markets, resulted in depressed sales. Old GM's well publicized liquidity issues, public speculation as to the effects of Chapter 11 proceedings and the actual Chapter 11 Proceedings negatively affected vehicle sales in several markets as well as the announcement that Old GM was seeking a majority investor in Adam Opel, which was a condition to receiving financing from the German government. Certain countries including Germany benefited from effective government economic stimulus packages and are showing signs of a recovery. For the remainder of 2010, we anticipate a challenging sales environment resulting from the continuation of the global economic slowdown.

In the year ended 2009 Total net sales and revenue decreased by $10.3 billion (or 29.9%) due to: (1) decreased domestic wholesale sales volume of $4.8 billion; (2) net unfavorable effect of $3.7 billion in foreign currency translation and transaction losses, driven primarily by the strengthening of the U.S. Dollar versus the Euro; (3) decreased sales revenue at Saab of $1.2 billion; (4) lower powertrain and parts and accessories revenue of $0.8 billion; partially offset by (5) favorable vehicle pricing of $1.3 billion.

In line with the industry trends previously noted, revenue decreased due to wholesale volume decreases of 405,000 vehicles (or 24.8%).

Loss Attributable to Stockholders Before Interest and Income Taxes

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 Loss attributable to stockholders before interest and income taxes was $0.8 billion and $2.8 billion.

Cost and expenses includes both fixed costs as well as costs which generally vary with production levels. Certain fixed costs, primarily labor related, have continued to decrease in relation to historical levels primarily due to various separation and other programs implemented in order to reduce labor costs. However, in the period January 1, 2009 through July 9, 2009 the implementation of various separation programs and incremental depreciation contributed to decreased margins. In the period July 10, 2009 through December 31, 2009 the effect of fresh-start reporting, especially the reduced value for inventory favorably affected results.

In the period July 10, 2009 through December 31, 2009 results included the following:

- Effects of fresh-start reporting primarily consisted of the fair value of inventory which was a decrease from the historical book value and was recorded in cost of sales and depreciation and amortization related to the fair value of fixed assets and special tools, partially offset by increased amortization of intangible assets which were established in connection with our application of fresh-start reporting.

In the period January 1, 2009 through July 9, 2009 results included the following:

- Other expenses of $0.8 billion primarily represented charges related to the deconsolidation of Saab. Saab filed for reorganization protection under the laws of Sweden in February 2009

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007
(Dollars in Millions)

Total Net Sales and Revenue

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 34,388	$ 37,478	$ (3,090)	(8.2)%

In the year ended 2008 industry vehicle sales began to decline in the second quarter followed by a sharp decline in the third and fourth quarters. Industry vehicle sales increased by 236,000 vehicles (or 4.1%) and by 134,000 vehicles (or 2.2%) in the first and second quarters of 2008. Industry vehicle sales decreased by 340,000 vehicles (or 6.1%) and by 1.2 million vehicles (or 20.6%) in the third and fourth quarters of 2008. The decline of industry vehicle sales reflected the recession in Western Europe and the indirect effect of the tightening of credit markets, volatile oil prices, slowdown of economic growth and declining consumer confidence around the world.

In the year ended 2008, industry vehicle sales decreased by 1.2 million vehicles (or 5.0%). The decline in industry vehicle sales primarily resulted from a decrease of 577,000 vehicles (or 29.7%) in Spain; a decrease of 354,000 vehicles (or 12.8%) in Italy; a decrease in the United Kingdom of 314,000 vehicles (or 11.2%), a net decrease in various other markets in Western Europe of 225,000 vehicles (or 2.3%); and a decrease in Turkey of 109,000 vehicles (or 17.2%). These decreases were partially offset by an increase of 317,000 vehicles (or 11.7%) in Russia and an increase of 92,000 vehicles (or 15.4%) in Ukraine.

The trend in GME's vehicle sales mirrored that of the industry trend mentioned above. GME's vehicle sales increased by 19,000 vehicles (or 3.4%) and by 16,000 vehicles (or 2.8%) in the first and second quarters of 2008. GME's vehicle sales decreased by 64,000 vehicles (or 12.3%) and by 110,000 vehicles (or 20.7%) in the third and fourth quarters of 2008. The decline with each quarter in GME's vehicle sales was attributable to the same economic factors affecting the industry mentioned above.

In the year ended 2008 Total net sales and revenue decreased by $3.1 billion (or 8.2%) due to: (1) lower wholesale sales volume outside of Russia of $4.4 billion; (2) unfavorable vehicle mix of $0.6 billion; offset by (3) a net favorable effect in foreign currency translation of $2.0 billion, driven mainly by the strengthening of the Euro and Swedish Krona, offset partially by the weakening of the British Pound versus the U.S. Dollar.

In line with the industry trends noted above, GME's revenue, which excludes sales of Chevrolet brand products, decreased most significantly in Spain, where wholesale volumes decreased by 67,000 vehicles (or 46.9%), followed by the United Kingdom, where wholesale volumes decreased by 43,000 vehicles (or 10.5%), and Italy, where wholesale volumes decreased by 41,000 vehicles (or 21.3%). These decreases were partially offset as wholesale volumes in Russia increased by 22,000 vehicles (or 29.6%).

Cost of Sales

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of sales	$ 33,838	$ 35,254	$ (1,416)	(4.0)%
Gross margin	$ 550	$ 2,224	$ (1,674)	(75.3)%

In the year ended 2008 Cost of sales decreased by $1.4 billion (or 4.0%) due to decreased wholesale sales volumes of $3.5 billion offset by an unfavorable effect in foreign currency translation of $2.4 billion, driven mainly by the strengthening of the Euro and Swedish Krona.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Selling, General and Administrative Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 2,816	$ 2,781	$ 35	1.3%

In the year ended 2008 Selling, general and administrative expense increased by $35 million (or 1.3%) primarily due to an unfavorable effect in foreign currency translation of $87 million related to the Euro versus the U.S. Dollar offset by a decrease in administrative and other expenses of $35 million.

Other Expenses, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other expenses, net	$ 456	$ —	$ 456	n.m.

n.m. = not meaningful

In the year ended 2008 Other expenses, net increased by $0.5 billion due to an impairment charge related to goodwill.

Other Non-Operating Income, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Other non-operating income, net	$ 7	$ 130	$ (123)	(94.6)%

In the year ended 2008 Other non-operating income, net decreased by $123 million primarily as a result of a favorable settlement of value added tax claims with the United Kingdom tax authorities of $115 million in the year ended 2007.

Net (Income) Loss Attributable to Noncontrolling Interests Before Interest and Income Taxes

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Net (income) loss attributable to noncontrolling interests before interest and income taxes	$ 22	$ (27)	$ 49	181.5%

In the year ended 2008 Net (income) loss attributable to noncontrolling interests before interest and income taxes increased by $49 million (or 181.5%) due to declines in profits at Isuzu Motors Polska.

Corporate
(Dollars in millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Total net sales and revenue	$ 145	$ 328	$ 1,247	$ 2,390
Net income (loss) attributable to stockholders	$ 167	$ 123,887	$ (16,627)	$ (41,884)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

July 10, 2009 Through December 31, 2009 and January 1, 2009 Through July 9, 2009
(Dollars in millions)

Total Net Sales and Revenue

	Combined GM and Old GM	Successor	Predecessor		Years Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%
Total net sales and revenue	$ 473	$ 145	$ 328	$ 1,247	$ (774)	(62.1)%

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases. We anticipate this portfolio of automotive retail leases to be substantially liquidated by December 2010.

In the year ended 2009 Total net sales and revenue decreased by $0.8 billion (or 62.1%) due to a decrease in other financing revenue of $0.7 billion (or 68.4%) related to the liquidation of automotive retail leases. Average outstanding leases on-hand for combined GM and Old GM were 73,000 and 236,000 for the year ended 2009 and 2008.

Net income Attributable to Stockholders

In the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 Net income attributable to stockholders was $0.2 billion and $123.9 billion.

In the period July 10, 2009 through December 31, 2009 results included the following:

- Foreign currency transaction and translation gains, net of $0.3 billion; and
- Interest expense of $0.7 billion primarily related to interest expense of $0.3 billion on UST Loans and $0.2 billion on GMIO debt.

In the period January 1, 2009 through July 9, 2009 results included the following:

- Centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 2 to the consolidated financial statements;
- Charges of $0.4 billion for settlement with the PBGC associated with the Delphi Benefit Guarantee Agreements;
- Gain recorded on the UST GMAC Loan of $2.5 billion upon the UST's conversion of the UST GMAC Loan for Class B Common Membership Interests in GMAC. The gain resulted from the difference between the fair value and the carrying amount of the GMAC equity interests given to the UST in exchange for the UST GMAC Loan. The gain was partially offset by Old GM's proportionate share of GMAC's loss from operations of $1.1 billion;
- Amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion. In addition, Old GM incurred interest expense of $1.7 billion primarily related to interest expense of $0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO debt; and
- Loss related to the extinguishment of the UST GMAC Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts to shares of GMAC's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's $1.5 billion U.S. term loan in March 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2008 Compared to 2007

Total Net Sales and Revenue

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Total net sales and revenue	$ 1,247	$ 2,390	$ (1,143)	(47.8)%

In the year ended 2008 Total net sales and revenue decreased by $1.1 billion (or 47.8%) primarily due to a decrease in other financing revenue for the liquidation of automotive operating leases. Average outstanding leases on-hand for Old GM was 236,000 and 455,000 for the year ended December 31, 2008 and 2007.

Cost of Sales

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Cost of Sales	$ 177	$ 93	$ 84	90.3%

In the year ended 2008 Cost of sales increased by $84 million (or 90.3%) primarily due to: (1) loss on foreign exchange and interest rate derivatives of $252 million; (2) a decrease in foreign exchange gain on a transfer pricing transaction between Corporate and GMCL of $159 million; offset by (3) a favorable foreign currency translation effect on our debt denominated in Euros of $267 million.

Selling, General and Administrative Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Selling, general and administrative expense	$ 1,012	$ 780	$ 232	29.7%

In the year ended 2008 Selling, general and administrative expense increased by $232 million (or 29.7%) primarily due to an increase in legal expense of $177 million.

Other Expenses, net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Delphi charges	$ 4,797	$ 1,547	$ 3,250	n.m.
Other	1,292	2,208	(916)	(41.5)%
Total other expenses, net	$ 6,089	$ 3,755	$ 2,334	62.2%

n.m. = not meaningful

In the year ended 2008 Other expenses, net increased by $2.3 billion (or 62.2%) primarily due to increased charges related to the Delphi Benefit Guarantee Agreements of $3.3 billion offset by a decrease in depreciation of $0.7 billion related to the liquidation of the portfolio of automotive retail leases.

Form 10-K

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity in Income (Loss) of and Disposition of Interest in GMAC

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Equity in income (loss) of and disposition of interest in GMAC	$ 916	$ (1,245)	$ 2,161	173.6%
Impairment charges related to GMAC Common Membership Interests	(7,099)	—	(7,099)	n.m.
Total equity in income (loss) of and disposition of interest in GMAC	$ (6,183)	$ (1,245)	$ (4,938)	n.m.

n.m. = not meaningful

In the year ended 2008 Equity in loss of and disposition of interest in GMAC increased $4.9 billion due to impairment charges of $7.1 billion related to Old GM's investment in GMAC Common Membership Interests, offset by an increase in Old GM's proportionate share of GMAC's income from operations of $2.2 billion.

Interest Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest expense	$ (2,525)	$ (3,076)	$ 551	17.9%

In the year ended 2008 Interest expense decreased by $0.6 billion (or 17.9%) due to the de-designation of certain derivatives as hedges of $0.3 billion and adjustment to capitalized interest of $0.2 billion.

Interest Income

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Interest income	$ 655	$ 1,228	$ (573)	(46.7)%

In the year ended 2008 Interest income decreased by $0.6 billion (or 46.7%) due to a reduction in interest earned of $0.3 billion due to lower market interest rates and lower cash balances on hand and nonrecurring favorable interest of $0.2 billion recorded in the year ended 2007 resulting from various tax related items.

Other Non-Operating Income (Expense), net

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Impairment related to GMAC Preferred Membership Interests	$ (1,001)	$ —	$ (1,001)	n.m.
Other	175	308	(133)	(43.2)%
Total other non-operating income (expense), net	$ (826)	$ 308	$ (1,134)	n.m.

n.m. = not meaningful

In the year ended 2008 Other non-operating income (expense), net decreased by $1.1 billion primarily due to impairment charges of $1.0 billion related to Old GM's GMAC Preferred Membership Interests.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Gain on Extinguishment of Debt

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Gain on extinguishment of debt	$ 43	$ —	$ 43	n.m.

n.m. = not meaningful

In the year ended 2008 Gain on extinguishment of debt related to a settlement gain recorded for the issuance of 44 million shares of common stock in exchange for $498 million principal amount of our the Series D debentures, which were retired and cancelled.

Income Tax Expense

	Predecessor		Year Ended 2008 vs. 2007 Change	
	Year Ended December 31, 2008	Year Ended December 31, 2007	Amount	%
Income tax expense	$ 1,766	$ 36,863	$ (35,097)	(95.2)%

In the year ended 2008 Income tax expense decreased by $35.1 billion (or 95.2%) due to the effect of recording valuation allowances of $39.0 billion against Old GM's net deferred tax assets in the United States, Canada and Germany in the year ended 2007, offset by the recording of additional valuation allowances in the year ended 2008 of $1.9 billion against Old GM's net deferred tax assets in South Korea, the United Kingdom, Spain, Australia, and other jurisdictions.

Liquidity and Capital Resources

Liquidity Overview

In the period July 10, 2009 through December 31, 2009 we had positive operating cash flow of $971 million, and our available liquidity was $22.8 billion at December 31, 2009, not including funds available under credit facilities of $618 million or in the UST Credit Agreement and HCT escrow accounts of $13.4 billion.

Although our cost reduction initiatives have alleviated our short-term cash needs, we still expect to have substantial cash requirements going forward. Our known material future uses of cash include the following:

- Estimated capital expenditures of $6.1 billion in the year ending 2010;
- The restructuring of the Opel/Vauxhall operations and our other European operations in 2010, which may include costs to implement other long-term cost savings and restructuring plans such as potential capacity reduction programs;
- Quarterly payments to the UST and EDC of $1.0 billion and $192 million with a release of equivalent amounts from our escrow funds, which began in the fourth quarter of 2009. In the event of an initial public offering of our equity, this payment schedule would be suspended. In addition, any excess funds in our escrow account at June 30, 2010 must be applied towards the repayment of the UST Loans and Canadian Loan. Any funds remaining in our escrow account after repayment of the loans will be released to us. We also have the right to prepay these loans prior to the stated maturities without premium or penalty;
- Certain payments under the 2009 Revised UAW Settlement Agreement including: (1) VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, are scheduled to be repaid in three equal installments of $1.4 billion on

Table of Contents

July 15 of 2013, 2015 and 2017. We also have the right to prepay these loans prior to the stated maturities without premium or penalty; (2) dividends payable on 260 million shares of our Series A Preferred Stock which have a liquidation preference of $25.00 per share and accrue cumulative dividends of 9.0% per annum; and (3) two years funding of claims costs for individuals that elected the Second 2009 Special Attrition Program; and

- Debt payments of $3.3 billion in 2010 (excluding payments to the UST and EDC and payments on the VEBA Notes).

We believe that our current level of cash and restricted cash will be sufficient to meet our liquidity needs.

However, our liquidity plans are subject to a number of risks and uncertainties, including those discussed in "Risk Factors," some of which are outside our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans.

Available Liquidity

Available liquidity includes cash balances, marketable securities and readily-available VEBA assets. At December 31, 2009 available liquidity was $22.8 billion, not including funds available under credit facilities of $618 million or in the UST Credit Agreement and HCT escrow accounts of $13.4 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

At December 31, 2009 we were in the process of changing our payment terms for the majority of our direct material, service parts and logistics suppliers from payments to be made on the second day after the second month end based on the date of purchase, which averages 47 day payment terms, to weekly payments. This change did not affect the average of 47 days that account payables are outstanding, but it did reduce volatility with respect to our intra-month liquidity and reduced our cash balances and liquidity at each month end. The change to weekly payment terms results in a better match between the timing of our receipt and disbursement of cash, which reduces volatility in our cash balances and lowers our minimum cash operating requirements. We estimated that this change reduced our cash balances at December 31, 2009 by approximately $1.3 billion to $1.7 billion for suppliers then subject to the revised payment terms. We estimate that if the payment term conversion had been completed for all suppliers subject to this initiative the effect on our cash balance would have been a decrease of approximately $2.4 billion at December 31, 2009. We are planning to complete the payment term conversion in 2010.

We manage our global liquidity using U.S. cash investments, the UST Credit Agreement and HCT escrow accounts, cash held at our international treasury centers and available liquidity at consolidated overseas subsidiaries. The following table summarizes global liquidity (dollars in millions):

	Successor	Predecessor	
	December 31, 2009	December 31, 2008	December 31, 2007
Cash and cash equivalents	$ 22,679	$ 14,053	$ 24,817
Marketable securities	134	141	2,354
Readily-available VEBA assets	—	—	640
Available liquidity	22,813	14,194	27,811
Available under credit facilities	618	643	7,891
Total available liquidity	23,431	$ 14,837	$ 35,702
UST Credit Agreement and HCT escrow accounts (a)	13,430		
Total liquidity including UST Credit Agreement and HCT escrow accounts	$ 36,861		

(a) Classified as restricted cash. Refer to Note 14 to the consolidated financial statements for additional information on the classification of the escrow accounts.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

Total available liquidity increased by $2.5 billion in the period July 10, 2009 through December 31, 2009 due to positive cash flows from operating, financing and investing activities of $3.5 billion which were partially offset by a $1.1 billion reduction in our borrowing capacity on certain credit facilities. The decrease in credit facilities is primarily attributable to the November 2009 extinguishment of the German Facility.

In November 2009 we provided longer-term financing of $900 million to Adam Opel. The funding was primarily used to repay the remaining outstanding amounts of the German Facility, as well as to fund the on-going operating requirements of the Opel/Vauxhall operations.

In January 2010 in order to assist in the funding of the Opel/Vauxhall operations, we provided additional support of $930 million. This support includes the acceleration of certain payments owed under engineering services agreements to Adam Opel, which would normally be paid in April and July, 2010. The payment accelerations serve as a temporary funding source for the Opel/Vauxhall operations until more permanent financing can be arranged.

Old GM

Total available liquidity increased by $6.0 billion in the period January 1, 2009 through July 9, 2009 primarily due to positive cash flows from financing activities partially offset by negative cash flow from operating and investing activities for a net cash flow of $4.8 billion as well as an increase of $1.1 billion in available borrowing capacity under credit facilities. This was partially offset by repayments of secured lending facilities.

Available liquidity decreased to $14.2 billion at December 31, 2008 from $27.8 billion at December 31, 2007 primarily as a result of negative operating cash flow driven by reduced production in North America and Western Europe, postretirement benefit payments and cash restructuring costs, and payments to Delphi; partially offset by borrowings on Old GM's secured revolver and proceeds from the UST Loan Facility.

VEBA Assets

The following table summarizes the VEBA assets (dollars in millions):

	Successor	Predecessor	
	December 31, 2009	December 31, 2008	December 31, 2007
Total VEBA assets	$ —	$ 9,969	$ 16,303
Readily-available VEBA assets	$ —	$ —	$ 640

GM

We transferred all of the remaining VEBA assets along with other consideration to the New VEBA within 10 business days after December 31, 2009, in accordance with the terms of the 2009 Revised UAW Settlement Agreement. Under the terms of the 2009 Revised UAW Settlement Agreement we have an obligation for VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, scheduled to be repaid in three equal installments of $1.4 billion in July of 2013, 2015 and 2017.

Under the terms of the 2009 Revised UAW Settlement Agreement, we are released from UAW retiree health care claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 Revised UAW Settlement Agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

Total VEBA assets decreased to $10.0 billion at December 31, 2008 from $16.3 billion at December 31, 2007 due to negative asset returns and a $1.4 billion withdrawal of VEBA assets in the year ended 2008. In connection with the 2008 UAW Settlement Agreement a significant portion of the VEBA assets were allocated to a separate account, which also hold the proportional investment returns on that percentage of the trust. No amounts will be withdrawn from the separate account including its investment returns from January 2008 until transfer to the New VEBA. Because of this treatment, Old GM excluded any portion of the separate account from available liquidity at and subsequent to December 31, 2007.

Credit Facilities

GM

At December 31, 2009 we had committed credit facilities of $1.7 billion, under which we had borrowed $1.5 billion leaving $223 million available. Of these committed credit facilities GM Daewoo held $1.2 billion and other entities held $0.5 billion. In addition, at December 31, 2009 we had uncommitted credit facilities of $842 million, under which we had borrowed $447 million leaving $395 million available. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

Our largest credit facility is GM Daewoo's $1.2 billion revolving credit facility, which was established in October 2002 with a syndicate of banks and converts into a term loan in October 2010. All outstanding amounts at October 2010 are required to be paid in four equal annual installments by October 2014. Borrowings under this facility bear interest based on Korean Won denominated certificates of deposit. The average interest rate on outstanding amounts under this facility at December 31, 2009 was 5.69%. The borrowings are secured by certain GM Daewoo property, plant and equipment, and are used by GM Daewoo for general corporate purposes, including working capital needs. At December 31, 2009 the facility was fully utilized with $1.2 billion outstanding.

The balance of our credit facilities are held by geographically dispersed subsidiaries, with available capacity on the facilities primarily concentrated at a few of our subsidiaries. At December 31, 2009 GM Hong Kong had $200 million of capacity on a term facility secured by a portion of our equity interest in SGM, with an additional $200 million revolving facility secured by the same collateral set to become available in late 2010. In addition, we expect $360 million of capacity on a secured term facility to be available to certain of our subsidiaries in Thailand over 2010 and 2011. The facilities were entered into to fund growth opportunities within GMIO and meet potential cyclical cash needs.

Old GM

At December 31, 2008 Old GM had unused credit capacity of $0.6 billion, of which $32 million was available in the U.S., $0.1 billion was available in other countries where Old GM did business and $0.5 billion was available in Old GM's joint ventures.

Old GM had a secured revolving credit facility of $4.5 billion with a syndicate of banks, which was extinguished in June 2009. At December 31, 2008 under the secured revolving credit facility $4.5 billion was outstanding. In addition to the outstanding amount at December 31, 2008 there were letters of credit of $10 million issued under the secured revolving credit facility. Under the $4.5 billion secured revolving credit facility, borrowings were limited to an amount based on the value of the underlying collateral. In addition to the secured revolving credit facility of $4.5 billion, the collateral also secured certain lines of credit, automated clearinghouse and overdraft arrangements, and letters of credit provided by the same secured lenders, of $0.2 billion. At December 31, 2008 Old GM had $5 million available under this facility.

In August 2007 Old GM entered into a revolving credit agreement that provided for borrowings of up to $1.0 billion at December 31, 2008, limited to an amount based on the value of the underlying collateral. This agreement provided additional available liquidity that Old GM could use for general corporate purposes, including working capital needs. The underlying collateral supported a borrowing base of $0.3 billion and $1.3 billion at December 31, 2008 and 2007. At December 31, 2008 under this agreement $0.3 billion was outstanding, leaving $13 million available. This revolving credit agreement expired in August 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In November 2007 Old GM renewed a revolving secured credit facility that would provide borrowings of up to $0.3 billion. Under the facility, borrowings were limited to an amount based on the value of underlying collateral, which was comprised of a portion of Old GM's company vehicle fleet. At December 31, 2008 the underlying collateral supported a borrowing base of $0.1 billion. The amount borrowed under this program was $0.1 billion, leaving $3 million available at December 31, 2008. This revolving secured credit facility was terminated in connection with the Chapter 11 Proceedings.

In September 2008 Old GM entered into a one-year revolving on-balance sheet securitization borrowing program that provided financing of up to $0.2 billion. The program replaced an off-balance sheet trade receivable securitization facility that expired in September 2008. The borrowing program was terminated in connection with the Chapter 11 Proceedings; outstanding amounts were fully paid, lenders' liens on the receivables were released and the receivable assets were transferred to Old GM. This one-year revolving facility was in addition to another existing on-balance sheet securitization borrowing program that provided financing of up to $0.5 billion, which matured in April 2009 and was fully paid.

Restricted Cash and Marketable Securities

In connection with the Chapter 11 Proceedings, Old GM obtained funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, $16.4 billion was deposited in escrow, of which $3.9 billion was distributed to us in the period July 10, 2009 through December 31, 2009. We have used our escrow account to acquire all Class A Membership Interests in New Delphi in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and other related payments in the amount of $1.0 billion. In addition, we have made a $1.2 billion quarterly payment on the UST Loans and Canadian Loan. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan. The UST Loans and Canadian Loan are recorded in Short-term debt based on these terms.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement between Old GM, EDC, and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements between GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2009 $955 million remained in the escrow account.

Cash Flow

Operating Activities

GM

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from continuing operating activities of $971 million primarily due to: (1) favorable managed working capital of $4.3 billion primarily driven by the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment charges and amortization expense (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion primarily to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring cash payments of $1.2 billion; and (6) sales allowance payments in excess of accruals for sales incentives of $0.5 billion driven by a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from continuing operating activities of $18.3 billion primarily due to: (1) net loss of $8.3 billion excluding Reorganization gains, net, and depreciation, impairment charges and

Table of Contents

amortization expense (including amortization of debt issuance costs and discounts); (2) unfavorable managed working capital of $5.6 billion; (3) change in accrued liabilities of $6.8 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

In the year ended 2008 Old GM had negative cash flows from continuing operating activities of $12.1 billion on a Loss from continuing operations of $31.1 billion. That result compares with positive cash flows from continuing operating activities of $7.5 billion on a Loss from continuing operations of $42.7 billion in the year ended 2007. Operating cash flows were unfavorably affected by lower volumes and the resulting losses in North America and Western Europe, including the effect that lower production volumes had on working capital balances, and postretirement benefit payments.

Investing Activities

GM

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from continuing investing activities of $2.0 billion primarily due to: (1) a reduction in restricted cash of $5.2 billion primarily related to withdrawals from the UST escrow account; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on GMAC common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from continuing investing activities of $21.1 billion primarily due to: (1) increase in restricted cash of $18.0 billion driven primarily by the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in GMAC of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

In the year ended 2008 Old GM had negative cash flows from continuing investing activities of $1.8 billion compared to negative cash flows from continuing investing activities of $1.7 billion in the year ended 2007. Decreases in cash flows from continuing investing activities primarily related to: (1) the absence of cash proceeds of $5.4 billion from the sale of the commercial and military operations of its Allison business in 2007; (2) a decrease in the liquidation of marketable securities of $2.3 billion, which primarily consisted of sales, and maturities of highly liquid corporate, U.S. government, U.S. government agency and mortgage backed debt securities used for cash management purposes; and (3) an increase in notes receivable of $0.4 billion in 2008. These decreases were offset by: (1) a decrease in acquisitions of marketable securities of $6.4 billion; (2) a capital contribution of $1.0 billion to GMAC to restore GMAC's adjusted tangible equity balance to the contractually required levels in 2007; (3) an increase in liquidation of operating leases of $0.4 billion; and (4) proceeds from the sale of investments of $0.2 billion in 2008.

Capital expenditures of $3.5 billion in the period January 1, 2009 through July 9, 2009 and $7.5 billion in each of the years ended 2008 and 2007 were a significant use of investing cash. Capital expenditures were primarily made for global product programs, powertrain and tooling requirements.

Financing Activities

GM

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from continuing financing activities of $542 million primarily due to: (1) funding of $4.0 billion from the EDC which was converted to our equity; (2) proceeds of $1.6 billion of other long-term debt; partially offset by (3) the repayment of the German Facility of $1.8 billion; (4) payment on the UST Loans of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

$1.4 billion (including payments of $0.4 billion related to the warranty program); (5) decrease in short-term debt of $0.9 billion; (6) payments on other long-term debt of $0.5 billion; (7) payment on the Canadian Loan of $0.2 billion; and (8) preferred dividend payments of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from continuing financing activities of $44.2 billion primarily due to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Facility and UST GMAC Loan of $16.6 billion; (3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on long-term debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

In the year ended 2008 Old GM had positive cash flows from continuing financing activities of $3.8 billion compared to negative cash flows from continuing financing activities of $5.6 billion in the year ended 2007. The increase in cash flows from continuing financing activities of $9.4 billion related to: (1) borrowings on available credit facilities of $4.5 billion and the UST Loan Facility of $4.0 billion; (2) a decrease in cash dividends paid of $0.3 billion; and partially offset by (3) an increase in payments on long-term debt of $0.3 billion.

Net Asset (Debt)

The following table summarizes net asset (debt) balances (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Cash and cash equivalents	$ 22,679	$ 14,053
Marketable securities	134	141
UST credit agreement escrow and HCT escrow	13,430	—
Short-term debt and current portion of long-term debt	(10,221)	(16,920)
Long-term debt	(5,562)	(29,018)
Net asset (debt)	$ 20,460	$ (31,744)

Other Liquidity Issues

In March 2009 the UST announced that it would provide up to $5.0 billion in financial assistance to automotive suppliers by guaranteeing or purchasing certain of the receivables payable by Old GM (Receivables Program). In connection with the 363 Sale, we assumed the obligation of the Receivables Program. In December 2009 we announced the termination of the Receivables Program, in accordance with its terms, effective in April 2010. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. We do not anticipate making any additional equity contributions.

GMAC currently finances our vehicles while they are in-transit to dealers in a number of markets including the U.S. In the event GMAC significantly limits or ceases to finance in-transit vehicles, our liquidity will be adversely affected.

We have assumed $100 million of certain loan commitments which Old GM had provided to affiliated companies and critical business partners, and we have subsequently extended an additional $600 million of loan commitments. These commitments can be triggered under certain conditions and expire in the years 2010, 2011 and 2014. At December 31, 2009 we had a total commitment of $700 million outstanding with no amounts loaned.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The UST Credit Agreement and the VEBA Note Agreement contain restrictions on our ability to incur additional indebtedness, including indebtedness secured by a first-priority lien on certain of our assets. The following summarizes the restrictions to incur additional indebtedness (with certain exceptions):

- Secured indebtedness entered into after July 10, 2009 is limited to $6.0 billion, provided that the aggregate amount of commitments under any secured revolving credit facilities shall not exceed $4.0 billion. Secured indebtedness exceeding these amounts is subject to an incurrence test under which total debt divided by 12 month trailing EBITDA cannot exceed 3:1 and also triggers repayments of 50% of the amount borrowed;

- Unsecured indebtedness entered into after July 10, 2009 is limited to $1.0 billion and triggers repayments of 50% of the amount borrowed. Unsecured indebtedness in excess of the $1.0 billion is subject to the incurrence test previously described; and

- The aggregate principal amount of capital lease obligations and purchase money indebtedness shall not exceed $2.0 billion.

The UST Credit Agreement, the VEBA Note Agreement and the Canadian Loan Agreement contain various events of default (including cross-default provisions) that entitle the lenders to accelerate the repayment of the loans upon the occurrence and continuation of an event of default.

The negative covenants of the Canadian Loan Agreement are substantially similar to the negative covenants under the UST Credit Agreement and the VEBA Note Agreement, as applicable to GMCL and the Subsidiary Guarantors, and also require GMCL to maintain certain minimum levels of unrestricted cash and cash equivalents and address specific requirements with respect to pension and compensation matters.

Several of our loan facilities include clauses that may be breached by a change in control, a bankruptcy or failure to maintain certain financial metric limits. The Chapter 11 proceedings and the change in control as a result of the 363 Sale triggered technical defaults in certain loans for which we have assumed the obligation. A potential breach in another loan was addressed before default with a waiver we obtained from the lender subject to renegotiation of the terms of the facility. We successfully concluded the renegotiation of these terms in September 2009. In October 2009 we repaid one of the loans in the amount of $17 million as a remedy to the default. The total amount of the two remaining loan facilities in technical default for these reasons at December 31, 2009 was $206 million. We continue to negotiate with the lenders to obtain waivers or reach settlements to cure these defaults. We have classified these loans as short-term debt at December 31, 2009.

Two of our loan facilities had financial covenant violations at December 31, 2009 related to exceeding financial ratios limiting the amount of debt held by the subsidiaries. One of these violations was cured within the 30 day cure period through the combination of an equity injection and the capitalization of intercompany loans. The $72 million loan related to our powertrain subsidiary in Italy remains in default and we continue negotiations with its lenders to cure the default.

Covenants in our UST Credit Agreement, VEBA Note Agreement, Canadian Loan Agreement and other agreements require us to provide our consolidated financial statements by March 31, 2010. We received waivers of this requirement for the agreements with the UST, New VEBA and EDC. We also provided notice to and requested waivers related to three lease facilities. The filing of our 2009 10-K and our Quarterly Report on Form 10-Q for the period ended September 30, 2009 within the automatic 90 day cure period will satisfy the requirements under these lease facility agreements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Non-Cash Charges (Gains)

The following table summarizes significant non-cash charges (gains) (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Impairment charges related to investment in GMAC Common Membership Interests	$ —	$ —	$ 7,099	$ —
Impairment charges related to investment in GMAC common stock	270	—	—	—
Impairment charges related to investment in GMAC Preferred Membership Interests	—	—	1,001	—
Net curtailment gain related to finalization of the 2008 UAW Settlement Agreement	—	—	(4,901)	—
Salaried post-65 healthcare settlement	—	—	1,704	—
Impairment charges related to equipment on operating leases	18	63	759	134
Impairment charges related to long-lived assets	2	566	1,010	259
Impairment charges related to investments in equity and cost method investments	4	28	119	—
Other than temporary impairments charges related to debt and equity securities	—	11	62	72
Impairment charges related to goodwill	—	—	610	—
Change in amortization period for pension prior service costs	—	—	—	1,561
UAW OPEB healthcare settlement	2,571	—	—	—
CAW settlement	—	—	340	—
Loss (gain) on secured debt extinguishment	—	(906)	—	—
Loss on extinguishment of UST GMAC Loan	—	1,994	—	—
Gain on conversion of UST GMAC Loan	—	(2,477)	—	—
Reorganization gains, net	—	(128,563)	—	—
Valuation allowances against deferred tax assets	—	(751)	1,450	37,770
Total significant non-cash charges	$ 2,865	$ (130,035)	$ 9,253	$ 39,796

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2009 all legal funding requirements had been met.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. hourly and salaried	$ —	$ —	$ —	$ —
Other U.S.	31	57	90	89
Non-U.S.	4,287	529	977	848
Total contributions	$ 4,318	$ 586	$ 1,067	$ 937

In 2010, we do not have any contributions due to our qualified plans. We are currently considering making a discretionary contribution to our U.S. hourly defined benefit pension plan to offset the effect of the increase to the projected benefit obligation (PBO) resulting from the Delphi Benefit Guarantee Agreements being triggered and to reduce the projected future cash funding requirements. We are currently evaluating the amount, timing and form of assets that may be contributed. We expect to contribute or pay benefits of $95 million to our other U.S. pension plan and $355 million to our non-U.S. pension plans in the year ended 2010.

The following table summarizes the funded status of pension plans (dollars in billions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
U.S. hourly and salaried	$ (16.2)	$ (12.4)
U.S. nonqualified	(0.9)	(1.2)
Total U.S. pension plans	(17.1)	(13.6)
Non-U.S.	(10.3)	(11.9)
Total funded (underfunded)	$ (27.4)	$ (25.5)

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $17.1 billion at December 31, 2009 and underfunded by $19.5 billion at July 10, 2009. The change in funded status was primarily attributable to the actual return on plan assets of $9.9 billion offset by actuarial losses of $3.1 billion, service and interest costs of $2.8 billion and $1.4 billion principally related to the Delphi Benefit Guarantee Agreements. On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $10.3 billion at December 31, 2009 and underfunded by $12.7 billion at July 10, 2009. The change in funded status was primarily attributable to employer contributions of $4.3 billion offset by actuarial losses of $1.6 billion in PBO and net detrimental exchange rate movements of $0.7 billion.

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $18.3 billion at July 9, 2009 and underfunded by $13.6 billion at December 31, 2008. The change in funded status was primarily attributable to service and interest costs of $3.3 billion, curtailments, settlements and other increases to the PBO of $1.6 billion and an actual loss on plan assets of $0.2 billion offset by actuarial gains of $0.3 billion. On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $12.7 billion at July 9, 2009 and underfunded by $11.9 billion at December 31, 2008. The change in funded status was primarily attributable to actuarial losses of $1.0 billion in PBO offset by the effect of negative plan amendments of $0.6 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the funded status of OPEB plans (dollars in billions):

	Successor December 31, 2009	Predecessor December 31, 2008
U.S. OPEB plans	$ (5.8)	$ (30.0)
Non-U.S. OPEB plans	(3.8)	(2.9)
Total funded (underfunded)	$ (9.6)	$ (32.9)

In 2008 Old GM withdrew a total of $1.4 billion from the VEBA plan assets for reimbursement of retiree healthcare and life insurance benefits provided to eligible plan participants, which liquidated this VEBA except for those assets to be transferred to the UAW as part of the 2008 UAW Settlement Agreement.

The following table summarizes net benefit payments we expect to pay, which reflect estimated future employee services, as appropriate, but does not reflect the effect of the 2009 CAW Agreement which includes terms of an independent HCT (dollars in millions):

	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2010	$ 9,321	$ 1,414	$ 489	$ 177
2011	$ 8,976	$ 1,419	$ 451	$ 185
2012	$ 8,533	$ 1,440	$ 427	$ 193
2013	$ 8,247	$ 1,461	$ 407	$ 201
2014	$ 8,013	$ 1,486	$ 390	$ 210
2015 – 2019	$37,049	$ 7,674	$ 1,801	$ 1,169

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 Revised UAW Settlement Agreement, which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Off-Balance Sheet Arrangements

Off-balance sheet arrangements are used where the economics and sound business principles warrant their use. The principal use of off-balance sheet arrangements occurs in connection with the securitization and sale of financial assets and leases.

Trade receivable securitization programs are utilized in Europe. The banks and factoring companies had a beneficial interest of $8 million and $11 million in the participating pool of trade receivables at December 31, 2009 and December 31, 2008.

Old GM participated in a trade receivables securitization program that expired in September 2008 and was not renewed. As part of this program, Old GM sold receivables to a wholly-owned bankruptcy-remote SPE. The SPE was a separate legal entity that assumed the risks and rewards of ownership of those receivables. Receivables were sold under the program at fair value and were excluded from Old GM's consolidated balance sheet. The banks and the bank conduits had no beneficial interest in the eligible pool of receivables at December 31, 2008. Old GM did not have a retained interest in the receivables sold, but performed collection and administrative functions. The gross amount of proceeds received from the sale of receivables under this program was $1.6 billion in the year ended 2008.

Table of Contents

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product warranty and recall claims and commercial loans made by GMAC and outstanding with certain third parties excluding residual support and risk sharing related to GMAC. The maximum potential obligation under these commitments is $842 million at December 31, 2009. This amount includes a guarantee provided to GMAC in Brazil in connection with dealer floor plan financing, which is secured by an interest in $127 million certificates of deposit purchased from GMAC to which we have title.

In May 2009 Old GM and GMAC agreed to expand repurchase obligations for GMAC financed inventory at certain dealers in Europe, Brazil and Mexico. In November 2008 Old GM and GMAC agreed to expand repurchase obligations for GMAC financed inventory at certain dealers in the United States and Canada. Our current agreement with GMAC requires the repurchase of GMAC financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2009 for vehicles invoiced through August 2008 ends in August 2010 for vehicles invoiced through August 2009 and end in August 2011 for vehicles invoiced through August 2010.

The maximum potential amount of future payments required be made to GMAC under this guarantee would be based on the repurchase value of total eligible vehicles financed by GMAC in dealer stock estimated to be $14.1 billion at December 31, 2009. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $46 million at December 31, 2009, which considers the likelihood of dealers terminating and estimated the loss exposure for the ultimate disposition of vehicles.

Refer to Note 21 to the consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2009 (dollars in millions):

	Payments Due by Period				
	2010	2011-2012	2013-2014	2015 and after	Total
Debt (a)	$10,062	$ 963	$ 787	$ 4,986	$16,798
Capital lease obligations	173	127	75	334	709
Interest payments (b)	550	357	1,225	1,483	3,615
Operating lease obligations	467	569	351	326	1,713
Contractual commitments for capital expenditures	988	67	—	—	1,055
Postretirement benefits (c)	478	611	—	—	1,089
Other contractual commitments:					
Material	969	1,353	159	55	2,536
Information technology	806	91	55	—	952
Marketing	718	197	115	52	1,082
Facilities	264	230	32	3	529
Transportation	118	44	4	—	166
Rental car repurchases	3,195	—	—	—	3,195
Policy, product warranty and recall campaigns liability	3,117	3,212	818	202	7,349
Other	11	10	7	—	28
Total contractual commitments (d)(e)	$21,916	$7,831	$3,628	$ 7,441	$40,816
Non-contractual postretirement benefits (f)	$ 196	$ 645	$1,209	$ 18,512	$20,562

(a) Projected future payments on lines of credit were based on outstanding amounts drawn at December 31, 2009.

(b) Amounts include interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Interest payments based on variable interest rates were determined using the current interest rate in effect at December 31, 2009.

(c) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements for 2010 and 2011 and Canada labor agreements for 2010 through 2012. Post-2009, the UAW hourly medical plan cash payments are capped at the contribution to the New VEBA.

(d) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2009.

(e) Amounts do not include future cash payments for long-term purchase obligations which were recorded in Accounts payable or Accrued expenses at December 31, 2009.

(f) Amount includes all expected future payments for both current and expected future service at December 31, 2009 for other postretirement benefit obligations for salaried employees and hourly postretirement benefit obligations extending beyond the current North American union contract agreements.

In connection with the 363 Sale, we assumed certain but not all of Old GM's contractual obligations at July 10, 2009. However, we did not assume certain other leases held directly by Old GM in connection with the 363 Sale. We are currently engaged in negotiations with the lessors of certain of these leases. In exchange for consideration, MLC has agreed to let us use real estate and equipment covered by these leases until negotiations conclude with the lessors.

The table above does not reflect unrecognized tax benefits of $5.4 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts. Refer to Note 22 to the consolidated financial statements for additional discussion of unrecognized tax benefits.

The table above also does not reflect certain contingent loan and funding commitments that we have made. In connection with the DMDA, we established a secured delayed draw term loan facility for New Delphi in October 2009 and committed to provide loans of

Table of Contents

up to $500 million. We have not provided any amounts to New Delphi under the secured delayed draw term loan facility at December 31, 2009. In September 2009 we entered into a new agreement with American Axle & Manufacturing Holdings, Inc. (American Axle), in which we provided American Axle with a cash payment of $110 million and a second lien term loan facility of up to $100 million in exchange for warrants to purchase 4 million shares of American Axle's common stock. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business, formerly a division of Old GM's Powertrain Operations. As part of the transaction, Old GM entered into an agreement, which we assumed in the 363 Sale, with the buyers of Allison whereby Old GM may provide the new parent company of Allison with contingent financing of up to $100 million. This commitment expires on December 31, 2010.

The combined U.S. pension plans were underfunded under U.S. GAAP by $17.1 billion at December 31, 2009. There is no expected required funding for our U.S. hourly and salaried pension plans during 2010 through 2012. The next pension funding valuation date based on the requirements of the Pension Protection Act (PPA) of 2006 would be October 1, 2010. At that time, based on the PPA, we have the option to select a discount rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2009 using the Full Yield Curve discount rate at that time and for all future funding valuations projects contributions of $2.5 billion, $4.6 billion and $4.8 billion in 2013, 2014 and 2015 and additional contributions may be required thereafter. Alternatively, if the 3-Segment discount rate were used for the hypothetical valuation, no pension funding contributions until a contribution of $3.3 billion in 2015 are required, and additional contributions may be required thereafter. In both cases, we have assumed that the pension plans earn the expected return of 8.5% in the future. In addition to the discount rate and rate of return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are currently considering making a discretionary contribution to the U.S. Hourly Defined Benefit Pension Plan. This discretionary contribution is being considered to mitigate the effect of the increase to the PBO of the U.S. Hourly Defined Benefit Pension Plan resulting from the Delphi Benefit Guarantee Agreements being triggered as well as to possibly reduce the projected future cash funding requirements.

Fair Value Measurements

In January 2008 Old GM adopted ASC 820-10, "Fair Value Measurements and Disclosures," for financial assets and financial liabilities, which addresses aspects of fair value accounting. Refer to Note 23 to the consolidated financial statements for additional information regarding the effects of this adoption. In January 2009 Old GM adopted ASC 820-10 for nonfinancial assets and nonfinancial liabilities. Refer to Note 25 to the consolidated financial statements for additional information regarding the effects this adoption.

Fair Value Measurements on a Recurring Basis

At December 31, 2009 we used Level 3, or significant unobservable inputs, to measure $33 million (or 0.1%) of the total assets that we measured at fair value, and $705 million (or 98.7%) of the total liabilities (all of which were derivative liabilities) that we measured at fair value.

At December 31, 2008 Old GM used Level 3, or significant unobservable inputs, to measure $70 million (or 1.2%) of the total assets that it measured at fair value, and $2.3 billion (or 65.8%) of the total liabilities (all of which were derivative liabilities) that it measured at fair value.

Significant assets and liabilities classified as Level 3, with the related Level 3 inputs, are as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk is not observable through the credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants in each period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Other derivative instruments — Other derivative instruments include warrants Old GM issued to the UST. Level 3 inputs used to determine fair value include option pricing models which include estimated volatility, discount rates, and dividend yields.
- Mortgage-backed and other securities — Prior to June 30, 2009 Level 3 inputs used to determine fair value include estimated prepayment and default rates on the underlying portfolio which are embedded in a proprietary discounted cash flow projection model.
- Commodity derivatives — Commodity derivatives include purchase contracts from various suppliers that are gross settled in the physical commodity. Level 3 inputs used to determine fair value include estimated projected selling prices, quantities purchased and counterparty credit ratings, which are then discounted to the expected cash flow.

Transfers In and/or Out of Level 3

At June 30, 2009 Old GM's mortgage- and asset-backed securities were transferred from Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

For periods presented after June 1, 2009 nonperformance risk for us and Old GM was not observable through the credit default swap market as a result of the Chapter 11 Proceedings and the lack of traded instruments for us after emergence. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3. Our nonperformance risk remains not directly observable through the credit default swap market at December 31, 2009 and accordingly the derivative contracts for certain foreign subsidiaries remain classified in Level 3.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Accordingly, foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

In December 2008 Old GM transferred foreign currency derivatives with a fair value of $2.1 billion from Level 2 to Level 3. These derivatives relate to certain of Old GM's foreign consolidated subsidiaries where Old GM was not able to determine observable credit ratings. At December 31, 2008 the fair value of these foreign currency derivative contracts was estimated based on the credit rating of comparable local companies with similar credit profiles and observable credit ratings together with internal bank credit ratings obtained from the subsidiary's lenders. Prior to December 31, 2008, these derivatives were valued based on Old GM's credit rating which was observable through the credit default swap market. In the year ended 2008 we recorded a loss of $775 million related to these derivatives. These losses were excluded from the Level 3 reconciliation as the transfer occurred on December 31, 2008.

Refer to Notes 20 and 23 to the condensed consolidated financial statements for additional information regarding the use of fair value measurements.

Level 3 Assets and Liabilities

At December 31, 2009 we used Level 3 inputs to measure net liabilities of $672 million (or 0.6%) of our total liabilities. In the period January 1, 2009 through July 9, 2009 net liabilities measured using Level 3 inputs decreased from $2.3 billion to $1.4 billion primarily due to unrealized and realized gains on derivatives and the settlement of the UST warrants issued by Old GM. In the period July 10, 2009 through December 31, 2009 net liabilities measured using Level 3 inputs decreased from $1.4 billion to $672 million primarily due to unrealized and realized gains on and the settlement of derivatives.

At December 31, 2009 net liabilities of $672 million measured using Level 3 inputs were primarily comprised of foreign currency derivatives. Foreign currency derivatives were classified as Level 3 due to an unobservable input which relates to our nonperformance risk. Given our nonperformance risk is not observable through the credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants in each period. At December 31, 2009 we included a $47 million non-performance risk adjustment in the fair

Table of Contents

value measurement of these derivatives which reflects a discount of 6.5% to the fair value before considering our credit risk. We anticipate settling these derivatives at maturity at fair value unadjusted for our nonperformance risk. Credit risk adjustments made to a derivative liability reverse as the derivative contract approaches maturity. This effect is accelerated if a contract is settled prior to maturity.

At December 31, 2008 Old GM used Level 3 inputs to measure net liabilities of $2.3 billion (or 1.3%) of Old GM's total liabilities. In the year ended 2008 assets and liabilities measured using Level 3 inputs changed from a net asset of $828 million to a net liability of $2.3 billion primarily due to foreign currency derivatives of $2.1 billion transferred from Level 2 to Level 3 in December 2008.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the periods July 10, 2009 through December 31, 2009, July 1, 2009 through July 9, 2009, January 1, 2009 through July 9, 2009 or in the year ended December 31, 2008.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions such as dividends on our common stock payable solely in shares of our common stock. In addition, the UST Credit Agreement and the VEBA Note Agreement contain certain restrictions on our ability to pay dividends, other than dividends payable solely in shares of our common stock.

In particular, each of the UST Credit Agreement and the VEBA Note Agreement provides that we may not pay any such dividends on our common stock unless: no default or event of default has occurred under such agreement and is continuing at the time of such payment; and immediately prior to and after giving effect to such dividend, our consolidated leverage ratio is less than 3.00 to 1.00.

The Series A Preferred Stock accrue cumulative dividends at a rate equal to 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) if, as and when declared by our Board of Directors. On September 15, 2009 we paid dividends of $146 million for the period July 10, 2009 to September 14, 2009, and on December 15, 2009 we paid $203 million for the period September 15, 2009 to December 14, 2009 following approval by our Board of Directors.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 Revised UAW Settlement Agreement. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, which require the use of estimates, judgments, and assumptions that affect the reported amounts of asset and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending 2010 through 2014, for each of Old GM's former segments (refer to Note 3 for a discussion of our change in segments) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and 10.3% market share in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014;
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014;
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The terms of the 2009 Revised UAW Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
- Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
- Anticipated changes in global market conditions.

- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used a discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 14 for additional discussion of Restricted cash.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	412.5
Per share value	$ 39.72

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related obligations were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" and ASC 715, "Compensation — Retirement Benefits," and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes."

(d) The 260 million shares of Series A Preferred Stock, 88 million shares of our common stock, and warrant to acquire 15.2 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 19 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the approximate effects that a change in the WACC and long-term growth rate assumptions would have had on our determination of the fair value of our common equity at July 10, 2009 keeping all other assumptions constant (dollars in billions except per share amounts):

Change in Assumption	Effect on Fair Value of Common Equity at July 10, 2009		Effect on Per Share Value at July 10, 2009	
Two percentage point decrease in WACC	+$	2.9	+$	7.04
Two percentage point increase in WACC	–$	2.4	–$	5.76
One percentage point increase in long-term growth rate	+$	0.5	+$	1.21
One percentage point decrease in long-term growth rate	–$	0.5	–$	1.10

In order to estimate these effects, we adjusted the WACC and long-term growth rate assumptions for each of Old GM's former segments and for certain subsidiaries. The aggregated effect of these assumption changes on each of Old GM's former segments and for certain subsidiaries does not necessarily correspond to assumption changes made at a consolidated level.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. Due to the significant events discussed in Note 19 to the consolidated financial statements, certain of the pension plans were remeasured at various dates in the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007.

Net pension expense is calculated based on the expected return on plan assets and not the actual return on plan assets. The expected return on U.S. plan assets that is included in pension expense is determined from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations, and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. Differences between the expected return on plan assets and the actual return on plan assets are recorded in Accumulated other comprehensive income (loss) as an actuarial gain or loss, and subject to possible amortization into net pension expense over future periods. A market-related value of plan assets, which averages gains and losses over a period of years, is utilized in the determination of future pension expense. For substantially all pension plans, market-related value is defined as an amount that initially recognizes 60.0% of the difference between the actual fair value of assets and the expected calculated value, and 10.0% of that difference over each of the next four years. The market-related value of assets used in the calculation of expected return on U.S. pension plan assets for 2010 was $2.8 billion lower than the actual fair value of plan assets.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans, using a cash flow matching approach, also called a spot rate yield curve approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM used an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. pension obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which U.S. pension obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 91.9% of the non-U.S. pension benefit obligation at December 31, 2009. The discount rates for Canadian plans are determined using a cash flow matching approach, similar to the U.S. The discount rates for plans in the United Kingdom and Germany use published indices and appropriate adjustments to reflect the underlying duration of expected benefit payments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes rates used to determine net pension expense:

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Weighted-average expected long-term rate of return on U.S. plan assets	8.50%	8.50%	8.50%	8.50%
Weighted-average expected long-term rate of return on non-U.S. plan assets	7.97%	7.74%	7.78%	7.85%
Weighted-average discount rate for U.S. plan obligations	5.63%	6.27%	6.56%	5.97%
Weighted-average discount rate for non-U.S. plan obligations	5.82%	6.23%	5.77%	4.97%

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial (gain) loss (before tax) on U.S. and non-U.S. pension plans (dollars in billions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Unamortized actuarial (gain) loss	$ (3.0)	$ 41.1

The following table summarizes the actual and expected return on pension plan assets (dollars in billions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. actual return	$ 9.9	$ (0.2)	$ (11.4)	$ 10.1
U.S. expected return	$ 3.0	$ 3.8	$ 8.0	$ 8.0
Non-U.S. actual return	$ 1.2	$ 0.2	$ (2.9)	$ 0.5
Non-U.S. expected return	$ 0.4	$ 0.4	$ 1.0	$ 1.0

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant:

	U.S. Plans		Non-U.S. Plans	
Change in Assumption	Effect on 2010 Pension Expense	Effect on December 31, 2009 PBO	Effect on 2010 Pension Expense	Effect on December 31, 2009 PBO
25 basis point decrease in discount rate	–$ 96 million	+$ 2.4 billion	+$ 7 million	+$ 0.7 billion
25 basis point increase in discount rate	+$ 88 million	–$ 2.3 billion	–$ 1 million	–$ 0.7 billion
25 basis point decrease in expected return on assets	+$193 million	—	+$32 million	—
25 basis point increase in expected return on assets	–$193 million	—	–$32 million	—

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The U.S. pension plans generally provide covered U.S. hourly employees hired prior to October 15, 2007 with pension benefits of negotiated, flat dollar amounts for each year of credited service earned by an individual employee. Early retirement supplements are also provided to those who retire prior to age 62. Hourly employees hired after October 15, 2007 participate in a cash balance pension plan. Formulas providing for such stated amounts are contained in the applicable labor contract. Pension expense in the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007 and the pension obligations at December 31, 2009 and 2008 do not comprehend any future benefit increases or decreases that may occur beyond current labor contracts. The usual cycle for negotiating new labor contracts is every four years. There is not a past practice of maintaining a consistent level of benefit increases or decreases from one contract to the next.

The following data illustrates the sensitivity of changes in pension expense and pension obligation as a result of changes in future benefit units for U.S. hourly employees, effective after the expiration of the current contract:

Change in future benefit units	Effect on 2010 Pension Expense	Effect on December 31, 2009 PBO
One percentage point increase in benefit units	+$82 million	+$ 239 million
One percentage point decrease in benefit units	–$79 million	–$ 232 million

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. Old GM used an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. OPEB obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which the U.S. OPEB obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

Beginning in September 2008, the discount rate used for the benefits to be paid from the UAW retiree medical plan during the period September 2008 through December 2009 is based on a yield curve which uses projected cash flows of representative high-quality AA rated bonds matched to spot rates along a yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. All other U.S. OPEB plans started using a discount rate based on a yield curve on July 10, 2009. The UAW retiree medical plan was settled on December 31, 2009 and the plan assets were contributed to the New VEBA as part of the payment terms under the 2009 Revised UAW Settlement Agreement. We are released from UAW retiree health care claims incurred after December 31, 2009.

An estimate is developed of the healthcare cost trend rates used to value benefit obligations through review of historical retiree cost data and near-term healthcare outlook which includes appropriate cost control measures that have been implemented. Changes in the assumed discount rate or healthcare cost trend rate can have significant effect on the actuarially determined obligation and related U.S. OPEB expense. As a result of modifications made as part of the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate no longer has a significant effect in the U.S.

The primary non-U.S. OPEB plans cover Canadian employees. The discount rates for the Canadian plans are determined using a cash flow matching approach, similar to the U.S. OPEB obligations plans.

Due to the significant events discussed in Note 19 to the consolidated financial statements, the U.S. OPEB obligation plans were remeasured at various dates in the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007.

Significant differences in actual experience or significant changes in assumptions may materially affect the OPEB obligations. The effects of actual results differing from assumptions and the effects of changing assumptions are included in net actuarial gains and losses in Accumulated other comprehensive income (loss) that are subject to amortization over future periods.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the weighted-average discount rate used to determine net OPEB expense for the significant plans:

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Weighted-average discount rate for U.S. plans	6.81%	8.11%	7.02%	5.90%
Weighted-average discount rate for non-U.S. plans	5.47%	6.77%	5.90%	5.00%

The following table summarizes the health care cost trend rates used in the measurement of the accumulated postretirement benefit obligations (APBO) at December 31:

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
Assumed Healthcare Trend Rates	U.S. Plans(a)	Non U.S. Plans(b)	U.S. Plans	Non U.S. Plans
Initial healthcare cost trend rate	—%	5.4%	8.0%	5.5%
Ultimate healthcare cost trend rate	—%	3.3%	5.0%	3.3%
Number of years to ultimate trend rate	—	8	6	8

(a) As a result of modifications made to health care plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect on the U.S. plans.

(b) The implementation of the HCT in Canada is anticipated in the near future, which will significantly reduce our exposure to changes in the healthcare cost trend rate.

The following table summarizes the effect that a change in the December 31, 2009 assumptions would have on OPEB expense and obligations on an annual basis:

	U.S. Plans		Non-U.S. Plans	
Change in Assumption	Effect on 2010 OPEB Expense	Effect on December 31, 2009 APBO	Effect on 2010 OPEB Expense	Effect on December 31, 2009 APBO
25 basis point decrease in discount rate	–$4 million	+$ 0.1 billion	–$27 million	+$ 0.1 billion
25 basis point increase in discount rate	+$3 million	–$ 0.1 billion	+$26 million	–$ 0.1 billion

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates:

	U.S. Plans(a)		Non-U.S. Plans	
Change in Assumption	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO
One percentage point increase	—%	—%	+$ 14 million	+$ 413 million
One percentage point decrease	—%	—%	–$ 11 million	–$ 331 million

(a) As a result of modifications made to health care plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect in the U.S.

Layoff Benefits

UAW employees are provided with reduced wages and continued coverage under certain employee benefit programs through the U.S. SUB and TSP job security programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW

Table of Contents

employees. Considerable management judgment and assumptions are required in calculating the related liability, including productivity initiatives, capacity actions and changes in federal and state unemployment and stimulus payments. The assumptions for the related benefit costs include the incidence of mortality, retirement, turnover and the health care trend rate, which are applied on a consistent basis with the U.S. hourly defined benefit pension plan and other U.S. hourly benefit plans. While we believe our judgments and assumptions are reasonable, changes in the assumptions underlying these estimates, which we revise each quarter, could result in a material effect on the financial statements in a given period.

Deferred Taxes

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not threshold. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, our and Old GM's experience with tax attributes expiring unused and tax planning alternatives. In making such judgments, significant weight is given to evidence that can be objectively verified.

Concluding that a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years. However, because a substantial portion of those cumulative losses relate to various non-recurring matters, those three-year cumulative results are adjusted for the effect of these items. In addition the near- and medium-term financial outlook is considered when assessing the need for a valuation allowance.

If, in the future, we generate taxable income in jurisdictions where we have recorded full valuation allowances, on a sustained basis, our conclusion regarding the need for full valuation allowances in these tax jurisdictions could change, resulting in the reversal of some or all of the valuation allowances. If our operations generate taxable income prior to reaching profitability on a sustained basis, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

The valuation of deferred tax assets requires judgment and accounting for deferred tax consequences of events that have been recorded in the financial statements or in the tax returns and our future profitability represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations. In 2008 because Old GM concluded there was substantial doubt related to its ability to continue as a going concern, it was determined that it was more likely than not that it would not realize its net deferred tax assets in most jurisdictions even though certain of these entities were not in three-year adjusted cumulative loss positions. In July 2009 with U.S. parent company liquidity concerns resolved in connection with the Chapter 11 Proceedings and the 363 Sale, to the extent there was no other significant negative evidence, we concluded that it is more likely than not that we would realize the deferred tax assets in jurisdictions not in three-year adjusted cumulative loss positions.

See Note 22 to the consolidated financial statements for more information regarding the recording of valuation allowances.

Table of Contents

Valuation of Vehicle Operating Leases and Lease Residuals

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from nine months to four years. A customer is obligated to make payments during the term of a lease to the contract residual. A customer is not obligated to purchase a vehicle at the end of a lease and we are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Residual values are initially determined by consulting independently published residual value guides. Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the asset. Additionally, for automotive retail leases, an adjustment may also be made to the estimate of marketing incentive accruals for residual support and risk sharing programs initially recorded when the vehicles are sold.

With respect to residual values of automotive leases to daily rental car companies, due to the short-term nature of the operating leases, Old GM historically had forecasted auction proceeds at lease termination. In the three months ended December 31, 2008 forecasted auction proceeds in the United States differed significantly from actual auction proceeds due to highly volatile economic conditions, in particular a decline in consumer confidence and available consumer credit, which affected the residual values of vehicles at auction. Due to these significant uncertainties, Old GM determined that it no longer had a reliable basis to forecast auction proceeds in the United States and began utilizing current auction proceeds to estimate the residual values in the impairment analysis for the automotive leases to daily rental car companies, which is consistent with Old GM's impairment analyses for automotive retail leases. As a result of this change in estimate, Old GM recorded an incremental impairment charge of $144 million in the three months ended December 31, 2008 related to the automotive leases to daily rental car companies that is included in Cost of sales.

In the period January 1, 2009 through July 9, 2009 and in the year ended 2008 Old GM recorded impairment charges of $16 million and $377 million (which includes an increase of $220 million in intersegment residual support and risk sharing reserves) related to its automotive retail leases and $47 million and $382 million related to automotive leases to daily rental car companies.

We continue to use the lower of forecasted or current auction proceeds to estimate residual values. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in the Equipment on operating leases, net are depreciated. Significant differences will also affect the residual support and risk sharing reserves established as a result of certain agreements with GMAC, whereby GMAC is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio.

The following table illustrates the effect of changes in our estimate of vehicle sales proceeds at lease termination on residual support and risk sharing reserves related to Equipment on operating leases financed by GMAC at December 31, 2009, holding all other assumptions constant (dollars in millions):

	December 31, 2009 Effect on Residual Support and Risk Sharing Reserves
10% increase in vehicle sales proceeds	–$ 534 million
10% decrease in vehicle sales proceeds	+$ 381 million

The critical assumptions underlying the estimated carrying amount of Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Due to the contractual terms of our residual support and risk sharing agreements with GMAC, which currently limit our maximum obligation to GMAC should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds. At December 31, 2009 our maximum obligations to GMAC under our residual support and risk sharing agreements were $1.2 billion and $1.4 billion, and our recorded liabilities under our residual support and risk sharing agreements were $369 million and $366 million.

When a lease vehicle is returned to us, the asset is reclassified from Equipment on operating leases, net to Inventory at the lower of cost or estimated selling price, less cost to sell.

Impairment of Goodwill

Goodwill is tested for impairment in the fourth quarter of each year for all reporting units, or more frequently if events occur or circumstances change that would warrant such a review. Our reporting units are GMNA, GME, and various components within the GMIO segment. The fair values of the reporting units are determined based on valuation techniques using the best available information, such as discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the financial statements.

At December 31, 2009 we had goodwill of $30.7 billion, which predominately arose upon the application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-triggered goodwill impairment testing that would be required if the fair value of a reporting unit is less that its net book value. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely that a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments.

Future goodwill impairments may occur should the fair value-to-U.S. GAAP adjustments differences decrease. Goodwill resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Further, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts would decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP adjustments differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-triggered goodwill impairment test, to the extent the carrying value of a reporting unit exceeds its fair value, a goodwill impairment could occur.

During the three months ended December 31, 2009 we performed our annual goodwill impairment testing and event driven impairment testing for our GME and certain other reporting units in GMIO. Based on this testing, we determined that goodwill was not impaired. Refer to Notes 12 and 25 to the consolidated financial statements for additional information on goodwill impairments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Impairment of Long-Lived Assets

The carrying amount of long-lived assets held and used in the business is periodically evaluated, including finite-lived intangible assets, when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group. Product-specific long-lived assets are tested at the platform level. Non-product line specific long-lived assets are tested on a regional basis in GMNA and GME and tested at our various reporting units within our GMIO segment. For assets classified as held for sale, such assets are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable; a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs. Refer to Note 25 to the consolidated financial statements for additional information on impairments of long-lived assets and intangibles.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, equity investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary we consider and Old GM considered such factors as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the equity affiliate, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is based upon valuation techniques that use, where possible, market-based inputs. Generally, fair value is estimated using a combination of the income approach and the market approach. Under the income approach, estimated future cash flows are discounted at a rate commensurate with the risk involved using marketplace assumptions. Under the market approach, valuations are based on actual comparable market transactions and market earnings and book value multiples for the same or comparable entities. The assumptions used in the income and market approaches have a significant effect on the determination of fair value. Significant assumptions include estimated future cash flows, appropriate discount rates, and adjustments to market transactions and market multiples for differences between the market data and the investment being valued. Changes to these assumptions could have a significant effect on the valuation of cost and equity method investments.

In the three months ended December 31, 2009 we recorded impairment charges related to our investment in GMAC common stock of $270 million. We determined the fair value of our investment in GMAC common stock using a market multiple, sum-of-the-parts methodology. This methodology considered the average price/tangible book value multiples of companies deemed comparable to each of GMAC's operations, which were then aggregated to determine GMAC's overall fair value. Based on our analysis, the estimated fair value of our investment in GMAC common stock was determined to be $970 million, resulting in an impairment charge of $270 million. The following table illustrates the effect of a 0.1 change in the average price/tangible book value multiple on our impairment charge:

Change in Assumption	Effect on December 31, 2009 Impairment Charge
0.1 increase in average price/tangible book value multiple	+$ 100 million
0.1 decrease in average price/tangible book value multiple	–$ 100 million

At December 31, 2009 the balance of our investment in GMAC common stock was $970 million and the balance of our investment in GMAC preferred stock was $665 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Derivatives

Derivatives are used in the normal course of business to manage exposure to fluctuations in commodity prices and interest and foreign currency exchange rates. Derivatives are accounted for in the consolidated balance sheet as assets or liabilities at fair value.

Significant judgments and estimates are used in estimating the fair values of derivative instruments, particularly in the absence of quoted market prices. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. Certain derivative contracts are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates.

The valuation of derivative liabilities also takes into account nonperformance risk. At December 31, 2009 our nonperformance risk was not observable through the credit default swap market. Our nonperformance risk was estimated based on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us by market participants. Refer to Note 20 to the consolidated financial statements for additional information on derivative financial instruments.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of revenue, and in certain instances, as an increase to cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. Additionally, when an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of revenue or increase to cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in revenue or increase to cost of sales for sales incentives could be affected. As discussed previously, there are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 4 to the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Forward-Looking Statements

In this report and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to comply with the requirements of the UST Credit Agreement;
- Our ability to take actions we believe are important to our long-term strategy, including our ability to enter into certain material transactions outside of the ordinary course of business, which may be limited due to significant representations and affirmative and negative covenants in the UST Credit Agreement;
- Our ability to repay the UST Credit Agreement as planned;
- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The ability of our new executive management team to quickly learn the automotive industry, and adapt and excel in their new management roles;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The financial viability and ability to borrow of our key suppliers and their ability to provide systems, components and parts without disruption;
- Our ability to manage the distribution channels for our products, including our ability to consolidate our dealer network;
- Our ability to qualify for federal funding of our advanced technology vehicle programs under Section 136 of EISA;
- The ability of our European operations to successfully restructure and receive adequate financial support from various European governments or other sources;

Table of Contents

- The continued availability of both wholesale and retail financing from GMAC and its affiliates in the United States, Canada and the other markets in which we operate to support our ability to sell vehicles in those markets, which is dependent on GMAC's ability to obtain funding and which may be suspended by GMAC if GMAC's credit exposure to us exceeds certain limitations provided in our operating arrangements with GMAC;

- Overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets;

- Continued economic and automotive industry instability or poor economic conditions in the United States and global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;

- Shortages of and increases or volatility in the price of oil;

- Significant changes in the competitive environment, including the effect of competition in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;

- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;

- Costs and risks associated with litigation;

- Significant increases in our pension expense resulting from changes in the value of plan assets;

- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, including the estimates for Delphi pension benefit guarantees, which could have an effect on earnings; and

- Other risks described from time to time in periodic and current reports that we file with the SEC.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Old GM entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. We are also subject to these market risks. We do not enter into derivative transactions for speculative or trading purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. A risk management control system is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

A discussion of our and Old GM's accounting policies for derivative financial instruments is included in Note 4 to the consolidated financial statements. Further information on our exposure to market risk is included in Note 20 to the consolidated financial statements.

In 2008 credit market volatility increased significantly, creating broad credit concerns. In addition, Old GM's credit standing and liquidity position in the first half of 2009 and the Chapter 11 Proceedings severely limited its ability to manage risks using derivative financial instruments as most derivative counterparties were unwilling to enter into transactions with Old GM. Subsequent to the 363 Sale and through December 31, 2009, we remain unable to enter into forward contracts pending the completion of negotiations with potential derivative counterparties. These negotiations include amendments to existing agreements and entering into new agreements that will likely require that we provide cash to collateralize our net liability positions.

In accordance with the provisions of ASC 820-10, "Fair Value Measurements and Disclosures," which requires companies to consider nonperformance risk as part of the measurement of fair value of derivative liabilities, we record changes in the fair value of our derivative liabilities based on our current credit standing. At December 31, 2009 the fair value of derivatives in a net liability position was $680 million.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have and Old GM had foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of our and Old GM's operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2009 such contracts have remaining maturities of up to 20 months. At December 31, 2009 our three most significant foreign currency exposures were the U.S. Dollar/Korean Won, Euro/British Pound and Euro/Korean Won.

At December 31, 2009 and 2008 the net fair value liability of financial instruments with exposure to foreign currency risk was $5.9 billion and $6.3 billion. This presentation utilizes a population of foreign currency exchange derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% parallel shift in all quoted foreign currency exchange rates would be $0.9 billion and $2.3 billion at December 31, 2009 and 2008.

We are and Old GM was also exposed to foreign currency risk due to the translation of the results of international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our and Old GM's financial position. The effect of foreign currency exchange rate translation on our consolidated financial position was a net translation gain of $157 million in the period July 10, 2009 through December 31, 2009. The effect of foreign currency exchange rate translation on Old GM's consolidated financial position was a net translation gain of $232 million in the period January 1, 2009 through July 9, 2009 and a net translation loss of $1.2 billion in the year ended 2008. These gains and losses were recorded as an adjustment to Total stockholders' equity (deficit) through Accumulated other comprehensive income (loss). The effects of foreign currency exchange rate transactions were a loss of $755 million in the period July 10, 2009 through December 31, 2009, a loss of $1.1 billion in the period January 1, 2009 through July 9, 2009 and a gain of $1.7 billion in the year ended 2008.

Interest Rate Risk

We are and Old GM was subject to market risk from exposure to changes in interest rates due to financing activities. Interest rate risk in Old GM was managed primarily with interest rate swaps. The interest rate swaps Old GM entered into usually involved the exchange of fixed for variable rate interest payments to effectively convert fixed rate debt into variable rate debt in order to achieve a target range of variable rate debt. At December 31, 2009 we did not have any interest rate swap derivative positions to manage interest rate exposures.

At December 31, 2009 we had fixed rate short-term debt of $592 million and variable rate short-term debt of $9.6 billion. Of this fixed rate short-term debt, $232 million was denominated in U.S. Dollars and $360 million was denominated in foreign currencies. Of the variable rate short-term debt, $6.2 billion was denominated in U.S. Dollars and $3.4 billion was denominated in foreign currencies.

At December 31, 2009 we had fixed rate long-term debt of $4.7 billion and variable rate long-term debt of $873 million. Of this fixed rate long-term debt, $3.4 billion was denominated in U.S. Dollars and $1.3 billion was denominated in foreign currencies. Of the variable rate long-term debt, $551 million was denominated in U.S. Dollars and $322 million was denominated in foreign currencies.

At December 31, 2009 and 2008 the net fair value liability of financial instruments with exposure to interest rate risk was $16.0 billion and $17.0 billion. The potential increase in fair value at December 31, 2009 resulting from a 10% decrease in quoted interest rates would be $402 million. The potential increase in fair value at December 31, 2008 resulting from a 10 percentage point increase in quoted interest rates would have been $3.6 billion.

Commodity Price Risk

We are and Old GM was exposed to changes in prices of commodities used in the automotive business, primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. Old GM entered into various derivatives, such as commodity swaps and options, to offset its commodity price exposures. We resumed Old GM's commodity hedging program using options in December 2009.

At December 31, 2009 and 2008 the net fair value asset (liability) of commodity derivatives was $11 million and ($553) million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $6 million and $109 million at December 31, 2009 and 2008. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

We are and Old GM was exposed to changes in prices of equity securities held. We typically do not attempt to reduce our market exposure to these equity instruments. Our exposure includes certain investments we hold in warrants of other companies. At

Table of Contents

December 31, 2009 the fair value of these warrants was $25 million. Our exposure also includes investments of $32 million in equity securities classified as trading. At December 31, 2008 Old GM had investments of $24 million in equity securities classified as available-for-sale. These amounts represent the maximum exposure to loss from these investments.

At December 31, 2009 the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in GMAC common stock and GMAC preferred stock were $970 million and $665 million. At December 31, 2008 the carrying amount of cost method investments was $98 million, of which the carrying amount of the investment in GMAC Preferred Membership Interests was $43 million. These amounts represent the maximum exposure to loss from these investments. On June 30, 2009 GMAC converted its status to a C corporation and, as a result, our equity ownership in GMAC was converted from membership interests to shares of capital stock. Also, on June 30, 2009 Old GM began to account for its investment in GMAC common stock as a cost method investment. On July 10, 2009 in connection with our application of fresh-start reporting, we recorded an increase of $1.3 billion and $629 million to the carrying amounts of our investments in GMAC common stock and GMAC preferred stock to reflect their estimated fair value of $1.3 billion and $665 million. In the period July 10, 2009 through December 31, 2009 we recorded impairment charges of $270 million related to our investment in GMAC common stock and $4 million related to other cost method investments. In the year ended 2008 Old GM recorded impairment charges of $1.0 billion related to its investment in GMAC Preferred Membership Interests.

Counterparty Risk

We are exposed to counterparty risk, which is the loss we could incur if a counterparty to a derivative contract defaulted. We enter into agreements with counterparties that allow the set-off of certain exposures in order to manage this risk. At December 31, 2009 our counterparty risk exposure is related to derivative contracts we use to manage exposure to foreign currency exchange rate risk and commodity prices.

Our counterparty risk is managed by our Risk Management Committee, which establishes exposure limits by counterparty. We monitor and report our exposures to the Risk Management Committee and our Treasurer on a periodic basis. At December 31, 2009 substantially all of our counterparty exposures are with counterparties that are rated A or higher.

Concentration of Credit Risk

We are exposed to concentration of credit risk primarily through holding cash and cash equivalents (which include money market funds), short- and long-term investments and derivatives. As part of our risk management process, we monitor and evaluate the credit standing of the financial institutions with which we do business. The financial institutions with which we do business are generally highly rated and geographically dispersed.

We are exposed to risk related to the potential inability to access liquidity in money market funds we invested in if the funds were to deny redemption requests. As part of our risk management process, we invest in large funds that are managed by reputable financial institutions. We also follow investment guidelines to limit our exposure to individual funds and financial institutions.

* * * * * * *

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2009, based on criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on that risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to ineffective controls over the period-end financial reporting process has been identified and included in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Balance Sheet of General Motors Company and subsidiaries as of December 31, 2009 (Successor) and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the period July 10, 2009 through December 31, 2009 (Successor) and the period January 1, 2009 through July 9, 2009 (Predecessor). Our audit also included the financial statement schedule listed in the Index at Item 15. This report does not affect our report on such financial statements and financial statement schedule.

In our opinion, because of the effect of the material weakness identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the accompanying Consolidated Balance Sheet of General Motors Company and subsidiaries as of December 31, 2009 (Successor) and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the period July 10, 2009 through December 31, 2009 (Successor) and the period January 1, 2009 through July 9, 2009 (Predecessor). Our audit also included the financial statement schedule listed in the Index at Item 15. Our report dated April 7, 2010 expressed an unqualified opinion on those financial statements and financial statement schedule and included explanatory paragraphs relating to (a) the Successor's acquisition of substantially all of the assets and assumption of certain liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009 and the application of fresh-start reporting, which resulted in a lack of comparability between the financial statements of the Successor and Predecessor; and (b) the Predecessor's adoption of new or revised accounting standards.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP
Detroit, Michigan
April 7, 2010

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2009 (Successor) and General Motors Corporation and subsidiaries as of December 31, 2008 (Predecessor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the period July 10, 2009 through December 31, 2009 (Successor), the period January 1, 2009 through July 9, 2009 (Predecessor) and each of the two years in the period ended December 31, 2008 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2009 (Successor) and General Motors Corporation and subsidiaries at December 31, 2008 (Predecessor), and the results of their operations and their cash flows for the period July 10, 2009 through December 31, 2009 (Successor), the period January 1, 2009 through July 9, 2009 (Predecessor) and each of the two years in the period ended December 31, 2008 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with Accounting Standards Codification (ASC) Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

As discussed in Note 4 to the consolidated financial statements, the Predecessor adopted ASC Topic 820-10, *Fair Value Measurements and Disclosures*, effective January 1, 2008 and adopted amendments to ASC Topic 805, *Business Combinations*, effective January 1, 2009. In addition, on January 1, 2009, the Predecessor retrospectively adjusted the consolidated financial statements for all prior periods presented for the adoption of amendments to ASC Topic 810-10, *Consolidation*, which affect the reporting of non-controlling interests in partially-owned consolidated subsidiaries, and for the adoption of ASC Topic 470-20, *Debt with Conversion and Other Options*.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 7, 2010 expressed an adverse opinion on the Successor's internal control over financial reporting.

/s/ DELOITTE & TOUCHE LLP
DELOITTE & TOUCHE LLP
Detroit, Michigan
April 7, 2010

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

Item 8. ***Financial Statements and Supplementary Data***

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales and revenue				
Sales	$ 57,329	$ 46,787	$ 147,732	$ 177,594
Other revenue	145	328	1,247	2,390
Total net sales and revenue	57,474	47,115	148,979	179,984
Costs and expenses				
Cost of sales	56,381	55,814	149,257	165,573
Selling, general and administrative expense	6,006	6,161	14,253	14,412
Other expenses, net	15	1,235	6,699	4,308
Total costs and expenses	62,402	63,210	170,209	184,293
Operating loss	(4,928)	(16,095)	(21,230)	(4,309)
Equity in income (loss) of and disposition of interest in GMAC	—	1,380	(6,183)	(1,245)
Interest expense	(694)	(5,428)	(2,525)	(3,076)
Interest income and other non-operating income, net	440	852	424	2,284
Gain (loss) on extinguishment of debt	(101)	(1,088)	43	—
Reorganization gains, net (Note 2)	—	128,155	—	—
Income (loss) from continuing operations before income taxes and equity income	(5,283)	107,776	(29,471)	(6,346)
Income tax expense (benefit)	(1,000)	(1,166)	1,766	36,863
Equity income, net of tax	497	61	186	524
Income (loss) from continuing operations	(3,786)	109,003	(31,051)	(42,685)
Discontinued operations (Note 5)				
Income from discontinued operations, net of tax	—	—	—	256
Gain on sale of discontinued operations, net of tax	—	—	—	4,293
Income from discontinued operations	—	—	—	4,549
Net income (loss)	(3,786)	109,003	(31,051)	(38,136)
Less: Net (income) loss attributable to noncontrolling interests	(511)	115	108	(406)
Net income (loss) attributable to stockholders	(4,297)	109,118	(30,943)	(38,542)
Less: Cumulative dividends on preferred stock	131	—	—	—
Net income (loss) attributable to common stockholders	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)
Earnings (loss) per share (Note 28)				
Basic				
Income (loss) from continuing operations attributable to common stockholders	$ (10.73)	$ 178.63	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.63	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566
Diluted				
Income (loss) from continuing operations attributable to common stockholders	$ (10.73)	$ 178.55	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ (10.73)	$ 178.55	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566
Cash dividends per common share	$ —	$ —	$ 0.50	$ 1.00
Amounts attributable to common stockholders:				
Income (loss) from continuing operations, net of tax	$ (4,428)	$ 109,118	$ (30,943)	$ (43,091)
Income from discontinued operations, net of tax	—	—	—	4,549
Net income (loss)	$ (4,428)	$ 109,118	$ (30,943)	$ (38,542)

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	Successor December 31, 2009	Predecessor December 31, 2008
ASSETS		
Current Assets		
Cash and cash equivalents	$ 22,679	$ 14,053
Marketable securities	134	141
Total cash, cash equivalents and marketable securities	22,813	14,194
Restricted cash	13,917	672
Accounts and notes receivable (net of allowance of $250 and $422)	7,518	7,918
Inventories	10,107	13,195
Assets held for sale	388	—
Equipment on operating leases, net	2,727	5,142
Other current assets and deferred income taxes	1,777	3,146
Total current assets	59,247	44,267
Non-Current Assets		
Restricted cash	1,489	1,917
Equity in net assets of nonconsolidated affiliates	7,936	2,146
Assets held for sale	530	—
Equipment on operating leases, net	3	442
Property, net	18,687	39,665
Goodwill	30,672	—
Intangible assets, net	14,547	265
Deferred income taxes	564	98
Prepaid pension	98	109
Other assets	2,522	2,130
Total non-current assets	77,048	46,772
Total Assets	$ 136,295	$ 91,039
LIABILITIES AND EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable (principally trade)	$ 18,725	$ 22,259
Short-term debt and current portion of long-term debt	10,221	16,920
Liabilities held for sale	355	—
Postretirement benefits other than pensions	846	4,002
Accrued expenses	22,288	32,427
Total current liabilities	52,435	75,608
Non-Current Liabilities		
Long-term debt	5,562	29,018
Liabilities held for sale	270	—
Postretirement benefits other than pensions	8,708	28,919
Pensions	27,086	25,178
Other liabilities and deferred income taxes	13,279	17,392
Total non-current liabilities	54,905	100,507
Total liabilities	107,340	176,115
Commitments and contingencies (Note 21)		
Preferred stock, $0.01 par value (1,000,000,000 shares authorized and 360,000,000 shares issued and outstanding at December 31, 2009) (Notes 2 and 19)	6,998	—
Equity (Deficit)		
Old GM		
Preferred stock, no par value (6,000,000 shares authorized, no shares issued and outstanding)	—	—
Preference stock, $0.10 par value (100,000,000 shares authorized, no shares issued and outstanding)	—	—
Common stock, $1 2/3 par value common stock (2,000,000,000 shares authorized, 800,937,541 shares issued and 610,483,231 shares outstanding at December 31, 2008)	—	1,017
General Motors Company		
Common stock, $0.01 par value (2,500,000,000 shares authorized and 500,000,000 shares issued and outstanding at December 31, 2009) (Notes 2 and 19)	5	—
Capital surplus (principally additional paid-in capital)	24,050	16,489
Accumulated deficit	(4,394)	(70,727)
Accumulated other comprehensive income (loss)	1,588	(32,339)
Total stockholders' equity (deficit)	21,249	(85,560)
Noncontrolling interests	708	484
Total equity (deficit)	21,957	(85,076)
Total Liabilities and Equity (Deficit)	$ 136,295	$ 91,039

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from operating activities				
Net income (loss)	$ (3,786)	$ 109,003	$ (31,051)	$ (38,136)
Income (loss) income from discontinued operations	—	—	—	4,549
Income (loss) from continuing operations	(3,786)	109,003	(31,051)	(42,685)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by (used in) continuing operating activities				
Depreciation, impairment charges and amortization expense	4,241	6,873	10,014	9,513
Goodwill impairment charges	—	—	610	—
Delphi charges	—	—	4,797	1,547
Foreign currency translation and transaction (gain) loss	755	1,077	(1,705)	661
Impairment charges related to investments in GMAC	270	—	8,100	—
Amortization of discount and issuance costs on debt issues	140	3,897	189	177
(Gain) loss related to Saab deconsolidation and bankruptcy filing	(59)	478	—	—
Undistributed earnings of nonconsolidated affiliates	(497)	1,036	(727)	293
OPEB expense	3,206	193	(2,115)	2,362
OPEB payments	(1,514)	(1,886)	(3,831)	(3,751)
VEBA withdrawals	—	9	1,355	1,694
Contributions to New VEBA	(252)	—	—	—
Pension expense	364	3,041	4,862	1,799
Pension contributions	(4,318)	(586)	(1,067)	(937)
Gain on extinguishment of U.S. term loan	—	(906)	—	—
Loss on extinguishment of UST GMAC Loan	—	1,994	—	—
Loss on extinguishment of other debt	101	—	—	—
Gain on disposition of GMAC Common Membership Interests	—	(2,477)	—	—
Cash payments related to reorganizations gains, net	—	(408)	—	—
Reorganization gains, net	—	(128,155)	—	—
Provisions for deferred taxes	(1,427)	(600)	1,163	36,717
Change in other investments and miscellaneous assets	303	596	(395)	651
Change in other operating assets and liabilities, net of acquisitions and disposals	2,605	(10,229)	94	(3,412)
Other	839	(1,253)	(2,358)	2,878
Net cash provided by (used in) continuing operating activities	971	(18,303)	(12,065)	7,507
Cash provided by discontinued operating activities	—	—	—	224
Net cash provided by (used in) operating activities	971	(18,303)	(12,065)	7,731

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash flows from investing activities				
Expenditures for property	(1,914)	(3,517)	(7,530)	(7,542)
Investments in marketable securities, acquisitions	(158)	(202)	(3,771)	(10,155)
Investments in marketable securities, liquidations	171	185	5,866	8,119
Investment in GMAC	—	(884)	—	(1,022)
Investment in stock warrants	(25)	—	—	—
Acquisition of companies, net of cash acquired	(2,127)	—	(1)	(46)
Increase in cash due to consolidation of CAMI	—	46	—	—
Decrease in cash due to deconsolidation of Saab in February 2009	—	(41)	—	—
Increase in cash due to consolidation of Saab in August 2009	222	—	—	—
Distributions from GMAC received on GMAC common stock	72	—	—	—
Operating leases, liquidations	564	1,307	3,610	3,165
Proceeds from sale of discontinued operations	—	—	—	5,354
Proceeds from sale of business units/equity investments	—	—	232	—
Proceeds from sale of real estate, plants, and equipment	67	38	347	332
Change in notes receivable	(31)	(23)	(430)	34
Change in restricted cash	5,171	(18,043)	(87)	23
Net cash provided by (used in) continuing investing activities	2,012	(21,134)	(1,764)	(1,738)
Cash used in discontinued investing activities	—	—	—	(22)
Net cash provided by (used in) investing activities	2,012	(21,134)	(1,764)	(1,760)
Cash flows from financing activities				
Net decrease in short-term debt	(909)	(2,364)	(4,100)	(5,749)
Proceeds from UST Loan Facility and UST GMAC Loan	—	16,645	4,000	—
Proceeds from funding by EDC	4,042	—	—	—
Proceeds from the Receivables Program	30	260	—	—
Proceeds from DIP Facility	—	33,300	—	—
Proceeds from EDC Loan Facility	—	2,407	—	—
Proceeds from issuance of long-term debt	873	345	5,928	2,131
Proceeds from German Facility	716	992	—	—
Payments on the UST Loans	(1,361)	—	—	—
Payments on Canadian Loan	(192)	—	—	—
Payments on Receivables Program	(140)	—	—	—
Payments on German Facility	(1,779)	—	—	—
Payments on other long-term debt	(541)	(6,072)	(1,702)	(1,403)
Cash, cash equivalents and restricted cash retained by MLC	—	(1,216)	—	—
Payments to acquire noncontrolling interest	(100)	(5)	—	—
Fees paid for debt modification	—	(63)	—	—
Cash dividends paid to GM preferred stockholders	(97)	—	—	—
Cash dividends paid to Old GM common stockholders	—	—	(283)	(567)
Net cash provided by (used in) continuing financing activities	542	44,229	3,843	(5,588)
Cash provided by (used in) discontinued financing activities	—	—	—	(5)
Net cash provided by (used in) financing activities	542	44,229	3,843	(5,593)
Effect of exchange rate changes on cash and cash equivalents	532	168	(778)	316
Net increase (decrease) in cash and cash equivalents	4,057	4,960	(10,764)	694
Cash and cash equivalents reclassified as assets held				

for sale	(391)		—	—	—
Cash and cash equivalents at beginning of the year	19,013		14,053	24,817	24,123
Cash and cash equivalents at end of the year	$ 22,679		$ 19,013	$ 14,053	$ 24,817

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Common Stockholders'						
	Common Stock	Capital Surplus	Accumulated Equity (Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance at December 31, 2006, Predecessor	$ 943	$ 15,946	$ (29)	$ (22,126)	$ 1,190		$ (4,076)
Net income (loss)	—	—	(38,542)	—	406	$ (38,136)	(38,136)
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	998	29	1,027	
Cash flow hedging losses, net	—	—	—	(38)	(272)	(310)	
Unrealized loss on securities	—	—	—	(17)	—	(17)	
Defined benefit plans, net (Note 27)	—	—	—	6,043	—	6,043	
Other comprehensive income (loss)	—	—	—	6,986	(243)	6,743	6,743
Comprehensive income (loss)	—					$ (31,393)	
Effects of accounting change regarding pension plans and OPEB plans measurement dates pursuant to ASC 715-20, net of tax	—	—	(425)	1,153	—		728
Cumulative effect of a change in accounting principle — adoption of ASC 740-10, net of tax	—	—	137	—	—		137
Stock options	—	55	—	—	—		55
Conversion of GMAC Preferred Membership Interests	—	27	—	—	—		27
Cash dividends paid to Old GM common stockholders	—	—	(567)	—	—		(567)
Cash dividends paid to noncontrolling interests	—	—	—	—	(88)		(88)
Dealership investments	—	—	—	—	(51)		(51)
Purchase of capped call option on Old GM common stock	—	(99)	—	—	—		(99)
Issuance of Series D debentures	—	171	—	—	—		171
Other	—	—	—	—	4		4
Balance at December 31, 2007, Predecessor	943	16,100	(39,426)	(13,987)	1,218		(35,152)
Net income (loss)	—	—	(30,943)	—	(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	(1,155)	(161)	(1,316)	
Cash flow hedging losses, net	—	—	—	(811)	(420)	(1,231)	
Unrealized loss on securities	—	—	—	(298)	—	(298)	
Defined benefit plans, net (Note 27)	—	—	—	(16,088)	—	(16,088)	
Other comprehensive income (loss)	—	—	—	(18,352)	(581)	(18,933)	(18,933)
Comprehensive income (loss)						$ (49,984)	
Effects of GMAC adoption of ASC 820-10 and ASC 825-10	—	—	(76)	—	—		(76)
Stock options	—	32	1	—	—		33
Common stock issued for settlement of Series D debentures	74	357	—	—	—		431
Cash dividends paid to Old GM common stockholders	—	—	(283)	—	—		(283)
Cash dividends paid to noncontrolling interests	—	—	—	—	(46)		(46)
Other	—	—	—	—	1		1
Balance December 31, 2008, Predecessor	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)	—	—	109,118	—	(115)	$ 109,003	109,003
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	46	—	46	
Defined benefit plans, net (Note 27)	—	—	—	(3,408)	—	(3,408)	
Other comprehensive income (loss)	—	—	—	(3,031)	92	(2,939)	(2,939)
Comprehensive income (loss)						$ 106,064	
Cash dividends paid to noncontrolling interests	—	—	—	—	(26)		(26)
Other	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	1,018	16,494	38,390	(35,370)	408		20,940

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Common Stockholders'						
	Common Stock	Capital Surplus	Accumulated Equity (Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance July 9, 2009, Predecessor	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:							
Elimination of predecessor common stock, capital surplus and accumulated deficit	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	35,370	—		35,370
Issuance of GM common stock	4	18,787	—	—	—		18,791
Balance July 10, 2009 Successor	4	18,787	—	—	408		19,199
Net income (loss)	—	—	(4,297)	—	511	$ (3,786)	(3,786)
Other comprehensive income (loss)							
Foreign currency translation adjustments	—	—	—	157	(33)	124	
Unrealized gain on derivatives	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	2	—	2	
Defined benefit plans, net (Note 27)	—	—	—	1,430	—	1,430	
Other comprehensive income (loss)	—	—	—	1,588	(33)	1,555	1,555
Comprehensive income (loss)						$ (2,231)	
Common stock related to settlement of UAW hourly retiree medical plan	1	4,935	—	—	—		4,936
Common stock warrants related to settlement of UAW hourly retiree medical plan	—	220	—	—	—		220
Participation in GM Daewoo equity rights offering	—	108	—	—	(108)		—
Purchase of noncontrolling interest in CAMI	—	—	—	—	(100)		(100)
Cash dividends paid to GM preferred stockholders	—	—	(97)	—	—		(97)
Other	—	—	—	—	30		30
Balance December 31, 2009, Successor	$ 5	$ 24,050	$ (4,394)	$ 1,588	$ 708		$ 21,957

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2009 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2009 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC Staff, the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2009 10-K for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

We develop, produce and market cars, trucks and parts worldwide. We analyze the results of our business through our three segments, which are GM North America (GMNA), GM Europe (GME), and General Motors International Operations (GMIO). Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements (as subsequently defined in Note 19) and a portfolio of automotive retail leases.

We also own a 16.6% equity interest in GMAC Inc. (GMAC), which is accounted for as a cost method investment because we cannot exercise significant influence over GMAC. GMAC provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Note 2. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. In addition, legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into a loan and security agreement with the UST, which was subsequently amended (UST Loan Agreement). In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and
- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the President's Designee (Certification Deadline), the President's Designee had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the President's Designee determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the President's Designee's requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST GMAC Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other cost reduction and restructuring actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was to be phased out by the end of 2010;
- Acceleration of the reduction in U.S. nameplates to 34 by 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the Canadian Auto Workers Union (CAW) to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued(a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was comprised of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 50 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 91 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price. At July 10, 2009 we accrued $113 million in Other liabilities and deferred income taxes related to this contingent obligation.

Agreements with the UST, UAW Retiree Medical Benefits Trust and Export Development Canada

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion that Old GM incurred under its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan).

Refer to Note 18 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation (formerly 7176384 Canada Inc.), a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC:

UST

- 304.1 million shares of our common stock;
- 83.9 million shares of our Series A Fixed Rate Cumulative Perpetual Preferred Stock (Series A Preferred Stock);

Canada Holdings

- 58.4 million shares of our common stock;
- 16.1 million shares of Series A Preferred Stock;

New VEBA

- 87.5 million shares of our common stock;
- 260.0 million shares of Series A Preferred Stock;
- Warrant to acquire 15.2 million shares of our common stock;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

MLC

- 50.0 million shares of our common stock; and
- Two warrants, each to acquire 45.5 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation preference of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock is classified as temporary equity because one of the holders, the UST, controls our Board of Directors and could compel us to call the Preferred Stock for redemption in 2014. We are not accreting the Preferred Stock to its redemption amount of $9.0 billion because we believe it is not probable that the UST will control our Board of Directors in 2014.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $30.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $55.00 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Emergence from Bankruptcy

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and capping the pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending 2010 through 2014, for each of Old GM's former segments (refer to Note 3 for a discussion of our change in segments) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
- Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and 10.3% market share in 2014;
- LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014;
- AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014;

- Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
- Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
- The terms of the 2009 Revised UAW Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
- Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
- Anticipated changes in global market conditions.

- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 14 for additional discussion of Restricted cash.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved. Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	412.5
Per share value	$ 39.72

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee related obligations were recorded in accordance with ASC 712 and ASC 715, and deferred income taxes were recorded in accordance with ASC 740.

(d) The 260 million shares of Series A Preferred Stock, 88 million shares of our common stock, and warrant to acquire 15.2 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 19 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effect of 363 Sale Transaction and Application of Fresh-Start Reporting

The following table summarizes the adjustments to Old GM's consolidated balance sheet as a result of the 363 Sale and the application of fresh-start reporting and presents our consolidated balance sheet at July 10, 2009 (dollars in millions):

	Predecessor July 9, 2009	Reorganization via 363 Sale Adjustments	Fresh-Start Reporting Adjustments	Successor after Reorganization via 363 Sale and Fresh-Start Reporting Adjustments July 10, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,054	$ (41)	$ —	$ 19,013
Marketable securities	139	—	—	139
Total cash and marketable securities	19,193	(41)	—	19,152
Restricted cash and marketable securities	20,290	(1,175)	—	19,115
Accounts and notes receivable, net	8,396	3,859	(79)	12,176
Inventories	9,802	(140)	(66)	9,596
Equipment on operating leases, net	3,754	2	90	3,846
Other current assets and deferred income taxes	1,874	75	69	2,018
Total current assets	63,309	2,580	14	65,903
Non-Current Assets				
Restricted cash and marketable securities	1,401	(144)	—	1,257
Equity in net assets of nonconsolidated affiliates	1,972	4	3,822	5,798
Equipment on operating leases, net	23	—	3	26
Property, net	36,216	(137)	(17,579)	18,500
Goodwill	—	—	30,464	30,464
Intangible assets, net	210	—	15,864	16,074
Deferred income taxes	79	550	43	672
Prepaid pension	121	—	(24)	97
Other assets	1,244	(12)	1,946	3,178
Total non-current assets	41,266	261	34,539	76,066
Total Assets	$ 104,575	$ 2,841	$ 34,553	$ 141,969
LIABILITIES AND EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable (principally trade)	$ 13,067	$ (42)	$ 42	$ 13,067
Short-term debt and current portion of long-term debt	43,412	(30,179)	(56)	13,177
Postretirement benefits other than pensions	187	1,645	124	1,956
Accrued expenses	25,607	(81)	(1,132)	24,394
Total current liabilities	82,273	(28,657)	(1,022)	52,594
Non-Current Liabilities				
Long-term debt	4,982	(977)	(1,488)	2,517
Postretirement benefits other than pensions	3,954	14,137	310	18,401
Pensions	15,434	14,432	2,113	31,979
Liabilities subject to compromise	92,611	(92,611)	—	—
Other liabilities and deferred income taxes	14,449	278	811	15,538
Total non-current liabilities	131,430	(64,741)	1,746	68,435
Total Liabilities	213,703	(93,398)	724	121,029
Preferred stock	—	1,741	—	1,741
Equity (Deficit)				
Old GM				
Preferred stock	—	—	—	—
Preference stock	—	—	—	—
Common stock	1,018	—	(1,018)	—
Capital surplus (principally additional paid-in capital)	16,494	—	(16,494)	—
General Motors Company				
Common stock	—	4	—	4
Capital surplus (principally additional paid-in capital)	—	18,787	—	18,787
Retained earnings (Accumulated deficit)	(91,602)	63,492	28,110	—
Accumulated other comprehensive income (loss)	(35,370)	12,295	23,075	—
Total stockholders' equity (deficit)	(109,460)	94,578	33,673	18,791
Noncontrolling interests	332	(80)	156	408
Total equity (deficit)	(109,128)	94,498	33,829	19,199
Total Liabilities and Equity (Deficit)	$ 104,575	$ 2,841	$ 34,553	$ 141,969

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reorganization Via 363 Sale Adjustments

The following table summarizes the reorganization adjustments previously discussed including the liabilities that were extinguished or reclassified from Liabilities subject to compromise as part of the 363 Sale (dollars in millions):

	UST(a)	Canada Holdings(b)	New VEBA(c)	Pension and OPEB(d)	MLC(e)	Other(f)	Total
Assets MLC retained, net	$ —	$ —	$ —	$ —	$ 1,797	$ —	$ 1,797
Accounts payable (principally trade)	—	—	—	—	(42)	—	(42)
Short-term debt and current portion of long-term debt extinguished	(31,294)	(5,972)	—	—	(1,278)	—	(38,544)
Short-term debt and current portion of long-term debt assumed	7,073	1,292	—	—	—	—	8,365
Net reduction to short-term debt and current portion of long-term debt	(24,221)	(4,680)	—	—	(1,278)	—	(30,179)
Postretirement benefits other than pensions, current	—	—	1,409	236	—	—	1,645
Accrued expenses	(54)	—	—	219	(310)	64	(81)
Total current liabilities	(24,275)	(4,680)	1,409	455	(1,630)	64	(28,657)
Long-term debt extinguished	—	—	—	—	(977)	—	(977)
Postretirement benefits other than pensions, non-current	—	—	10,547	3,590	—	—	14,137
Pensions	—	—	—	14,432	—	—	14,432
Liabilities subject to compromise	(20,824)	—	(19,687)	(23,453)	(28,553)	(94)	(92,611)
Other liabilities and deferred income taxes	—	—	—	391	(184)	71	278
Total liabilities	(45,099)	(4,680)	(7,731)	(4,585)	(31,344)	41	(93,398)
Accumulated other comprehensive income balances relating to entities MLC retained	—	—	—	—	(21)	—	(21)
Additional EDC funding	—	(3,887)	—	—	—	—	(3,887)
Fair value of preferred stock issued	1,462	279	—	—	—	—	1,741
Fair value of common stock issued	12,076	2,324	—	—	1,986	—	16,386
Fair value of warrants	—	—	—	—	2,405	—	2,405
Release of valuation allowances and other tax adjustments	—	—	—	—	—	(751)	(751)
Reorganization gain	(31,561)	(5,964)	(7,731)	(4,585)	(25,177)	(710)	(75,728)
Amounts attributable to noncontrolling interests	—	—	—	—	(80)	—	(80)
Amounts recorded in Accumulated other comprehensive income as part of Reorganization via 363 Sale adjustments	—	—	7,731	4,585	—	—	12,316
Total retained earnings adjustment	$(31,561)	$ (5,964)	$ —	$ —	$(25,257)	$ (710)	$(63,492)

(a) Liabilities owed to the UST under the UST Loan Agreement of $20.6 billion, with accrued interest of $251 million, and under the DIP Facility of $30.9 billion with accrued interest of $54 million and borrowings related to the warranty program of $361 million were extinguished in connection with the 363 Sale through the assumption of the UST Loans of $7.1 billion and the issuance of 304 million shares of our common stock with a fair value of $12.1 billion and 84 million shares of Series A Preferred Stock with a fair value of $1.5 billion.

(b) Liabilities owed to Canada Holdings under the EDC Loan Facility of $2.6 billion and under the DIP Facility of $3.4 billion were extinguished in connection with the 363 Sale through the assumption of the Canadian Loan of CAD $1.5 billion (equivalent of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

$1.3 billion when entered into) and the issuance of 58 million shares of our common stock with a fair value of $2.3 billion and 16 million shares of Series A Preferred Stock with a fair value of $279 million. In addition, we recorded an increase in Accounts and notes receivable, net of $3.9 billion at July 10, 2010 for amounts to be received from the EDC in exchange for the equity Canada Holdings received in connection with the 363 Sale.

(c) As a result of modifications to the UAW hourly retiree medical plan that became effective upon the 363 Sale, we recorded a reorganization gain of $7.7 billion that represented the difference between the carrying amount of our $19.7 billion plan obligation at July 9, 2009 and the July 10, 2009 actuarially determined value of $12.0 billion for our modified plan based on the revised terms of the 2009 Revised UAW Settlement Agreement. Our obligation to the UAW hourly retiree medical plan was settled on December 31, 2009. Prior to the December 31, 2009 settlement, the VEBA Notes, Series A Preferred Stock, common stock and warrants contributed to the New VEBA were not considered outstanding. Refer to Note 19 for additional information on the 2009 Revised UAW Settlement Agreement.

(d) As a result of modifications to benefit plans that became effective upon the 363 Sale, we recorded a reorganization gain of $4.6 billion, which represented the difference between the carrying amount of our obligations under certain plans at July 9, 2009, and our new actuarially determined obligations at July 10, 2009. Major changes include:

- For the non-UAW hourly retiree health care plan, we recorded a $2.7 billion gain resulting from elimination of post 65 benefits and placing a cap on pre 65 benefits;
- For retiree life insurance we recorded a $923 million gain, resulting from capping benefits at $10,000 for non-UAW hourly retirees and future retirees, capping benefits at $10,000 for existing salaried retirees, reducing benefits for future salaried retirees, and elimination of executive benefits;
- For the U.S. supplemental executive retirement plan, we recorded a $221 million gain from the elimination of a portion of nonqualified benefits; and
- For the U.S. hourly defined benefit pension plan, we recorded a $675 million gain, representing the net of a $3.3 billion obligation decrease resulting from the elimination of the flat monthly special lifetime benefit that was to commence on January 1, 2010, offset by an obligation increase of $2.6 billion from a discount rate decrease from 6.25% to 5.83% and other assumption changes.

(e) Represents the net liabilities MLC retained in connection with the 363 Sale, primarily consisting of Old GM's unsecured debt and amounts owed to the UST under the DIP Facility of $1.2 billion. These net liabilities were settled in exchange for assets retained by MLC with a carrying amount of $1.8 billion and a fair value of $2.0 billion, 50 million shares of our common stock with a fair value of $2.0 billion, warrants to acquire an additional 91 million shares of our common stock with a fair value of $2.4 billion and the right to contingently receive the Adjustment Shares. We increased Other liabilities and deferred income taxes to reflect the estimated fair value of $113 million for our obligation to issue the Adjustment Shares to MLC.

The following table summarizes the carrying amount of the assets MLC retained (dollars in millions):

	Predecessor Carrying amount at July 9, 2009
Cash and cash equivalents	$ 41
Restricted cash and marketable securities, current	1,175
Accounts and notes receivable, net	28
Inventories	140
Equipment on operating leases, net	(2)
Other current assets and deferred income taxes	46
Restricted cash and marketable securities, non-current	144
Equity in net assets of nonconsolidated affiliates	(4)
Property, net	137
Deferred income taxes	80
Other assets, non-current	12
Total assets	$ 1,797

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(f) We assumed $94 million of certain employee benefit obligations that were included in Liabilities subject to compromise that are now included in Accrued expenses ($64 million) and Other liabilities ($30 million). These primarily relate to postemployment benefits not modified as a part of the 363 Sale. In addition, in connection with the 363 Sale, we concluded that it was more likely than not that certain net deferred tax assets, primarily in Brazil, will be realized. Therefore, we reversed the existing valuation allowances related to such deferred tax assets resulting in an increase of $121 million in Other current assets and an increase of $630 million in Deferred income taxes, non-current. To record other tax effects of the 363 Sale, we recorded an increase to Other liabilities of $41 million. We recorded a net reorganization gain of $710 million in Income tax expense (benefit) as a result of these adjustments.

Fresh-Start Reporting Adjustments

In applying fresh-start reporting at July 10, 2009, which generally follows the provisions of ASC 805, "Business Combinations" (ASC 805), we recorded the assets acquired and the liabilities assumed from Old GM at fair value except for deferred income taxes and certain liabilities associated with employee benefits. These adjustments are final and no determinations of fair value are considered provisional. The significant assumptions related to the valuations of our assets and liabilities recorded in connection with fresh-start reporting are subsequently discussed.

Accounts and notes receivable

We recorded Accounts and notes receivable at their fair value of $12.2 billion, which resulted in a decrease of $79 million.

Inventory

We recorded Inventory at its fair value of $9.6 billion, which was determined as follows:

- Finished goods were determined based on the estimated selling price of finished goods on hand less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated. Finished goods primarily include new vehicles, off-lease and company vehicles and service parts and accessories;

- Work in process was determined based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling and disposal effort; and

- Raw materials were determined based on current replacement cost.

Compared to amounts recorded by Old GM, finished goods increased by $622 million, including elimination of Old GM's LIFO reserve of $1.1 billion, work in process decreased by $555 million, raw materials decreased by $39 million and sundry items with nominal individual value decreased by $94 million.

Equipment on Operating Leases, current and non-current

We recorded Equipment on operating leases, current and non-current at its fair value of $3.9 billion, which was determined as follows: (1) automotive leases to daily rental car companies were determined based on the market value of comparable vehicles; and (2) automotive retail leases were determined by discounting the expected future cash flows generated by the automotive retail leases including the estimated residual value of the vehicles when sold. Equipment on operating leases, current and non-current increased from that recorded by Old GM by $93 million as a result of our determination of fair value.

Other Current Assets and Deferred Income Taxes

We recorded Other current assets which included prepaid assets and other current assets at their fair value of $1.5 billion and deferred income taxes of $487 million. These amounts are $69 million higher than the amounts recorded by Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Equity in Net Assets of Nonconsolidated Affiliates

We recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. Fair value of these investments was determined using discounted cash flow analyses, which included the following assumptions and estimates:

- Forecasted cash flows for the seven months ended December 31, 2009 and the years ending 2010 through 2013, which incorporated projected sales volumes, product mixes, projected capital spending to support existing and future products, research and development of new products and technologies and anticipated changes in local market conditions;
- A terminal value, which was calculated by assuming a maintainable level of after-tax debt-free cash flow and multiplying it by a capitalization factor that reflected the investor's WACC adjusted for the estimated long-term perpetual growth rate;
- A discount rate of 13.4% that considered various factors including risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies; and
- The fair value of investment property and investments in affiliates was determined using market comparables.

Equity in net assets of nonconsolidated affiliates was higher than Old GM's by $3.8 billion as a result of our determination of fair value.

Property

We recorded Property, which includes land, buildings and land improvements, machinery and equipment, construction in progress and special tools, at its fair value of $18.5 billion. Fair value was based on the highest and best use of specific properties. To determine fair value we considered and applied three approaches:

- The market or sales comparison approach which relies upon recent sales or offerings of similar assets on the market to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets. This method was utilized for certain assets related to land, buildings and land improvements and information technology.
- The cost approach which considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence and economic obsolescence. This method was primarily utilized for certain assets related to land, buildings and land improvements, leasehold interests, and the majority of our machinery and equipment and tooling. Economic obsolescence represents a loss in value due to unfavorable external conditions such as the economics of our industry and was a factor in establishing fair value. Our machinery, equipment and special tools amounts, determined under the cost approach, were adjusted for economic obsolescence. Due to the downturn in the automotive industry, significant excess capacity exists and the application of the cost approach generally requires the replacement cost of an asset to be adjusted for physical deterioration, and functional and economic obsolescence. We estimated economic obsolescence as the difference between the discounted cash flows expected to be realized from our utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. We did not reduce any fixed asset below its liquidation in place value as a result of economic obsolescence; however the effects of economic obsolescence caused some of our fixed assets to be recorded at their liquidation in place values.
- The income approach which considers value in relation to the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset. This method assumed fair value could not exceed the present value of the cash flows the assets generate discounted at a risk related rate of return commensurate with the level of risk inherent in the subject asset. This method was used to value certain assets related to buildings and improvements, leasehold interest, machinery and equipment and tooling.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of Property as a result of the application of fresh-start reporting at July 10, 2009 and Property, net at July 9, 2009:

	Successor July 10, 2009	Predecessor July 9, 2009
Land	$ 2,524	$ 1,040
Buildings and land improvements, net	3,731	8,490
Machinery and equipment, net	5,915	13,597
Construction in progress	1,838	2,307
Real estate, plants, and equipment, net	14,008	25,434
Special tools, net	4,492	10,782
Total property, net	$18,500	$ 36,216

Goodwill

We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets. None of the goodwill from this transaction is deductible for tax purposes.

Intangible assets

We recorded Intangible assets of $16.1 billion at their fair values. The following is a summary of the approaches used to determine the fair value of our significant intangible assets:

- We recorded $7.9 billion for the fair value of technology. The relief from royalty method was used to calculate the $7.7 billion fair value of developed technology. The significant assumptions used included:
  - Forecasted revenue for each technology category by Old GM's former segments;
  - Royalty rates based on licensing arrangements for similar technologies and obsolescence factors by technology category;
  - Discount rates ranging from 24.0% to 26.0% based on our WACC and adjusted for perceived business risks related to these developed technologies; and
  - Estimated economic lives, which ranged from 7 to twenty years.
- The excess earnings method was used to determine the fair value of in-process research and development of $175 million. The significant assumptions used in this approach included:
  - Forecasted revenue for certain technologies not yet proven to be commercially feasible;
  - The probability and cost of obtaining commercial feasibility;
  - Discount rates ranging from 4.2% (when the probability of obtaining commercial feasibility was considered elsewhere in the model) to 36.0%; and
  - Estimated economic lives ranging from approximately 10 to 20 years.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- The relief from royalty method was also used to calculate the fair value of brand names of $5.5 billion. The significant assumptions used in this method included:
  - Forecasted revenue for each brand name by Old GM's former segments;
  - Royalty rates based on licensing arrangements for the use of brands and trademarks in the automotive industry and related industries;
  - Discount rates ranging from 22.8% to 27.0% based on our WACC and adjusted for perceived business risks related to these intangible assets; and
  - Indefinite economic lives for our ongoing brands.
- Our most significant brands included Buick, Cadillac, Chevrolet, GMC, Opel/Vauxhall and OnStar. We also recorded defensive intangible assets associated with brands we eliminated, which included Pontiac, Saturn and Oldsmobile.
- A cost approach was used to calculate the fair value of our dealer networks and customer relationships of $2.1 billion. The estimated fair value of our dealer networks of $1.6 billion was determined by multiplying our estimated costs to recreate our dealer networks by our estimate of an optimal number of dealers. An income approach was used to calculate the fair value of our customer relationships of $508 million. The significant assumptions used in this approach included:
  - Forecasted revenue;
  - Customer retention rates;
  - Profit margins; and
  - A discount rate of 20.8% based on an appropriate WACC and adjusted for perceived business risks related to these customer relationships.
- We recorded other intangible assets of $560 million primarily related to existing contracts, including leasehold improvements, that were favorable relative to available market terms.

The following table summarizes the components of our intangible assets and their weighted-average amortization periods.

	Weighted-Average Amortization Period (years)	Recorded Value
Technology and related intellectual property	5	$ 7,889
Brands	38	5,476
Dealer network and customer relationships	21	2,149
Favorable contracts	28	543
Other intangible assets	3	17
Total intangible assets		$ 16,074

Deferred Income Taxes, non-current

We recorded Deferred income taxes, non-current of $672 million which was an increase of $43 million compared to that recorded by Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Assets, non-current

We recorded Other assets, non-current of $3.2 billion. Other assets, non-current differed from Old GM's primarily related to: (1) an increase of $1.3 billion and $629 million in the value of our investments in GMAC common stock and preferred stock; (2) an increase of $175 million in the value of our investment in Saab; partially offset by (3) an elimination of $191 million for certain prepaid rent balances and other adjustments.

We calculated the fair value of our investment in GMAC common stock of $1.3 billion using a market multiple sum-of-the-parts methodology, a market approach. This approach considered the average price/tangible book value multiples of companies deemed comparable to each of GMAC's Auto Finance, Commercial Finance and Insurance operations in determining the fair value of each of these operations, which were then aggregated to determine GMAC's overall fair value. The significant inputs used in our fair value analysis were as follows:

- GMAC's June 30, 2009 financial statements, as well as the financial statements of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Expected performance of GMAC, as well as our view on its ability to access capital markets; and
- The value of GMAC's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

We calculated the fair value of our investment in GMAC preferred stock of $665 million using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on GMAC preferred stock and the expected call date. The discount rate of 16.9% was determined based on yields of similar GMAC securities.

Accounts Payable

We recorded Accounts payable at its fair value of $13.1 billion.

Debt

We recorded short-term debt, current portion of long-term debt and long-term debt at their total fair value of $15.7 billion, which was calculated using a discounted cash flow methodology using our implied credit rating of CCC for most of our debt instruments (our credit rating was not observable as a result of the Chapter 11 Proceedings), adjusted where appropriate for any security interests. For the UST Loans and the Canadian Loan, carrying amount was determined to approximate fair value because these loans were fully collateralized by the restricted cash placed in escrow and were entered into on July 10, 2009 at market terms. Short-term debt, current portion of long-term debt and long-term debt decreased $1.5 billion as a result of our calculation of fair value. Refer to Note 14 for additional information on the escrow arrangement.

Pensions, Postretirement Benefits Other than Pensions, current and non-current, and Prepaid Pensions

We recorded Pensions of $32.0 billion and Prepaid pensions of $97 million, which includes the actuarial measurement of those benefit plans that were not modified in connection with the 363 Sale. As a result of these actuarial measurements, our recorded value was $2.1 billion higher than Old GM's for Pensions and Prepaid pensions for those plans not modified in connection with the 363 Sale. When the pension plans were measured at July 10, 2009, the weighted-average return on assets was 8.5% and 8.0% for U.S. and Non-U.S. plans. The weighted-average discount rate utilized to measure the plans at July 10, 2009 was 5.9% and 5.8% for U.S. and Non-U.S. plans.

We also recorded Postretirement benefits other than pensions, current and non-current of $20.4 billion, which is an increase of $434 million compared to the amounts recorded by Old GM for those plans not modified in connection with the 363 Sale. When the other non-UAW postretirement benefit plans were measured at July 10, 2009, the weighted average discount rate used was 6.0% and 5.5%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

for the U.S. and Non-U.S. plans. For the U.S. there are no significant uncapped healthcare plans remaining at December 31, 2009, and therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. For Non-U.S. plans the initial healthcare cost trend used was 5.4% and the ultimate healthcare cost trend rate was 3.3% with 8 years to the ultimate trend rate.

Accrued Expenses, Other Liabilities, and Deferred Income Taxes, current and non-current

We recorded Accrued expenses of $24.4 billion and Other liabilities and deferred income taxes of $15.5 billion. Accrued expenses and Other liabilities differed from those of Old GM primarily relating to:

- $1.2 billion less in deferred revenue, the fair value of which was determined based on our remaining performance obligations considering future costs associated with these obligations;
- $349 million decrease in warranty liability, the fair value of which was determined by discounting the forecasted future cash flows based on historical claims experience using rates ranging from 1.4% in 2009 to 4.3% in 2017;
- A decrease of $179 million to lease-related obligations;
- A decrease of $162 million related to certain customer deposits;
- $582 million increase in deferred income taxes; and
- $980 million of recorded unfavorable contractual obligations, primarily related to the Delphi-GM Settlement Agreements. The fair value of the unfavorable contractual obligations was determined by discounting forecasted cash flows representing the unfavorable portions of contractual obligations at our implied credit rating. Refer to Note 21 for further information on the Delphi-GM Settlement Agreements.

Equity (Deficit) and Preferred Stock

The changes to Equity (Deficit) reflect our recapitalization, the elimination of Old GM's historical equity, the issuance of our common stock, preferred stock and warrants to the UST, Canada Holdings and MLC at fair value, and the application of fresh-start reporting.

Noncontrolling Interests

We recorded the fair value of our Noncontrolling interests at $408 million which was $156 million higher than Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting that primarily resulted from the adjustments previously discussed (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustment from 363 Sale Transaction and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net	(1,203)
Total Reorganization gains, net	$ 128,155

Other losses, net of $1.2 billion primarily relate to costs incurred during our Chapter 11 Proceedings, including:

- Losses of $958 million on extinguishments of debt resulting from Old GM's repayment of its secured revolving credit facility, its U.S. term loan, and its secured credit facility;
- Losses of $398 million on contract rejections, settlements of claims and other lease terminations;
- Professional fees of $38 million; and
- Gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Note 3. Basis of Presentation

Principles of Consolidation

Our consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. In addition, we continually evaluate our involvement with variable interest entities (VIEs) to determine whether we have variable interests and are the primary beneficiary of the VIE. When this criteria is met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Change in Segments

Old GM's operations included four segments consisting of GMNA, GME, GM Latin America/Africa/Middle-East and GM Asia Pacific. In order to streamline our business and speed our decision making processes, we have revised our operational structure, combining Old GM's Latin America/Africa/Middle East and Asia Pacific segments into one segment, GMIO. We have revised the segment presentation for all periods presented.

Note 4. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM.

Revenue Recognition

Net sales and revenue are primarily comprised of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Net sales and revenue at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Net sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease agreement.

Sales of parts and accessories to GM dealers are recorded when the goods arrive at the dealership and when collectability is reasonably assured. Sales of aftermarket products and powertrain components are recorded when title and risks and rewards of ownership have passed, which is generally when the product is released to the carrier responsible for transporting them to the customer and when collectability is reasonably assured.

Revenue from OnStar, comprised of customer subscriptions related to comprehensive in-vehicle security, communications and diagnostic systems in our vehicles, is deferred and recorded on a straight-line basis over the subscription period. A one-year OnStar subscription is offered as part of the sale or lease of a new vehicle. The fair value of the subscription is recorded as deferred revenue when a vehicle is sold, and amortized over the one-year subscription period. Prepaid minutes for the Hands-Free Calling system are deferred and recorded on a straight-line basis over the life of the contract.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. This redemption period is reviewed periodically to determine if it remains appropriate. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Net sales and revenue.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Inventory

Inventories are stated at the lower of cost or market (LCM). In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method. Old GM determined cost using the LIFO costing method for 21% of its inventories at December 31, 2008 and used the FIFO costing method or average cost method for all other inventories.

Inventory is analyzed and the carrying amount is adjusted downward if it is determined to be carried above market. Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, and the effect of current incentive offers at the balance sheet date. Off-lease and other vehicles are compared to current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete. If the estimated market value is less than cost, as determined by the inventory costing methodology, the carrying amount of the affected inventory is reduced to market value.

Advertising

Advertising costs of $2.1 billion in the period July 10, 2009 through December 31, 2009, $1.5 billion in the period January 1, 2009 through July 9, 2009, $5.3 billion in the year ended 2008 and $5.5 billion in the year ended 2007 were expensed as incurred.

Research and Development Expenditures

Research and development expenditures of $3.0 billion in the period July 10, 2009 through December 31, 2009, $3.0 billion in the period January 1, 2009 through July 9, 2009, $8.0 billion in the year ended 2008 and $8.1 billion in the year ended 2007 were expensed as incurred.

Property, net

Property, plants and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all assets using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For assets placed in service before January 2001, Old GM used accelerated depreciation methods. For assets placed in service after January 2001, Old GM used the straight-line method. Upon retirement or disposition of property, plants and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to Property, net are recorded in Cost of sales. Refer to Notes 11 and 25 for additional information on property and impairments.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the manufacturing process of vehicles. Expenditures for special tools are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools using an accelerated amortization method. Powertrain special tools are amortized over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives. Refer to Note 11 for additional information on special tools.

Goodwill

Goodwill arises from the application of fresh-start reporting and other business acquisitions. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

implied fair value. Fair values of reporting units are established using a discounted cash flow method. Our reporting units are GMNA, GME, and various components within the GMIO segment. Where available and as appropriate, comparative market multiples are used to corroborate the results of the discounted cash flow method. Refer to Note 25 for additional information on goodwill impairments.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships, dealer network and favorable contracts.

All intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. In selecting a useful life, we consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets.

Amortization of developed technology and intellectual property is recorded in Cost of sales. Amortization of brand names, customer relationships and our dealer network is recorded in Selling, general and administrative expense. Refer to Notes 2 and 13 for additional information on intangible assets.

Valuation of Long-Lived Assets

When events and circumstances warrant, the carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform level. Non-product specific long-lived assets are generally tested for impairment on a regional basis in GMNA and GME and tested at our various reporting units within our GMIO segment. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

We tested certain long-lived assets for impairment in the period July 10, 2009 through December 31, 2009 and Old GM tested certain long-lived assets for impairment in the period January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007. Based on the results of the analyses, long-lived asset impairment charges were recorded. Refer to Note 25 for additional information on impairments.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation and net of origination fees or costs. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is generally provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 48 months and vehicles leased to rental car companies with lease terms that average 11 months or less. We are and Old GM was exposed to changes in the residual values of those assets. The residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on the lower of forecasted or current auction proceeds in the United States and Canada and forecasted auction proceeds outside of the United States and Canada when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. Over the life of the lease, the adequacy of the estimate of the residual value is evaluated and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

When a lease vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventory at the lower of cost or estimated selling price, less costs to sell.

Impairment charges related to Equipment on operating leases, net are recorded in Cost of sales. Refer to Notes 25 and 30 for additional information on impairments and operating lease arrangements with GMAC.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, using the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Other comprehensive income (loss). The assets and liabilities of foreign subsidiaries which do not use the local currency as their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions, which include the effects of remeasurements discussed previously, are recorded in Cost of sales. The effects of foreign currency transactions were a loss of $755 million in the period July 10, 2009 through December 31, 2009, a loss of $1.1 billion in the period January 1, 2009 through July 9, 2009, a gain of $1.7 billion in the year ended 2008 and a loss of $661 million in the year ended 2007.

Policy and Warranty

The estimated costs related to policy and product warranties are accrued at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

Recall Campaigns

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Environmental Costs

A liability for environmental remediation costs is recorded when a loss is probable and can be reasonably estimated. For environmental sites where there are potentially multiple responsible parties, a liability for the allocable share of the costs related to involvement with the site is recorded, as well as an allocable share of costs related to insolvent parties or unidentified shares, neither of which are reduced for possible recoveries from insurance carriers. For environmental sites where we and Old GM are the only

Table of Contents

potentially responsible parties, a liability is recorded for the total estimated costs of remediation before consideration of recovery from insurers or other third parties. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites.

There is an established process to develop environmental liabilities that is used globally. This process consists of a number of phases that begins with visual site inspections and an examination of historical site records. Once a potential problem is identified, physical sampling of the site, which may include analysis of ground water and soil borings, is performed. The evidence obtained is then evaluated and if necessary, a remediation strategy is developed and submitted to the appropriate regulatory body for approval. The final phase of this process involves the commencement of remediation activities according to the approved plan.

When applicable, estimated liabilities for costs relating to ongoing operating, maintenance, and monitoring at environmental sites where remediation has commenced are recorded. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 3 in the valuation hierarchy based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of investments. Available-for-sale securities are recorded at fair value, with unrealized gains and losses reported, net of related income taxes, in Accumulated other comprehensive income (loss) until realized. Trading securities are recorded at fair value. We determine realized gains and losses for all securities using the specific identification method.

Old GM classified marketable securities as available-for-sale, except for certain mortgage-related securities, that were classified as held-to-maturity. Held-to-maturity securities were recorded at amortized cost.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Securities are classified in Level 1 of the valuation hierarchy when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing vendor, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2 of the valuation hierarchy. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. U.S. government and agency securities, certificates of deposit, commercial paper, and corporate debt securities are classified in Level 2 of the valuation hierarchy. Securities are classified in Level 3 of the valuation hierarchy in certain cases where there are unobservable inputs to the valuation in the marketplace.

Annually, we conduct a review of our pricing vendor. This review includes discussion and analysis of the inputs used by the pricing vendor to provide prices for the types of securities we hold.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in debt and equity securities are other than temporary. Factors considered in determining whether a loss on a debt security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery. Prior to April 1, 2009 Old GM considered its ability and intent to hold the investment for a sufficient period of time to allow for any anticipated recovery. Factors considered in determining whether a loss on an equity security is other than temporary include the length of time and extent to which the fair value has been below cost, the financial condition and near-term prospects of the issuer and the ability and intent to hold the investment for a period of time sufficient to allow for any anticipated recovery. If losses are determined to be other than temporary, the loss is recorded and the investment carrying amount is adjusted to a revised fair value.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, interest rate and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates, interest rates and certain commodity prices. These financial exposures are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment. Derivatives that received hedge accounting treatment prior to October 1, 2008 were evaluated for effectiveness at the time they were designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. In Level 2 of the valuation hierarchy, we include foreign currency derivatives, commodity derivatives, interest rate swaps, cross currency swaps and warrants. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates, are classified in Level 3 of the valuation hierarchy. In Level 3 of the valuation hierarchy, we include warrants issued to the UST, certain foreign currency derivatives, certain long-dated commodity derivatives and interest rate swaps with notional amounts that fluctuated over time.

The valuation of derivative liabilities takes into account our nonperformance risk. For the periods presented after June 1, 2009, our nonperformance risk was not observable through the credit default swap market, and an analysis of comparable industrial companies was used to determine the appropriate credit spread which would be applied to us by market participants. In these periods, all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3 of the valuation hierarchy.

We recorded the earnings effect resulting from the change in fair value of all derivative instruments not receiving hedge accounting in Interest income and other non-operating income, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Prior to October 1, 2008 Old GM recorded effective changes in fair value of derivatives designated as cash flow hedges in net unrealized gains (losses) on derivatives within a separate component of Accumulated other comprehensive income (loss). Amounts were reclassified from Accumulated other comprehensive income (loss) when the underlying hedged item affected earnings. All ineffective changes in fair value were recorded in earnings. Prior to October 1, 2008 changes in fair value of derivatives designated as fair value hedges were recorded in earnings offset by changes in fair value of the hedged item to the extent the derivative was effective as a hedge. Changes in fair value of derivatives not designated as hedging instruments were recorded in earnings. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

As part of Old GM's quarterly tests for hedge effectiveness in the three months ended December 31, 2008, Old GM was unable to conclude that its cash flow and fair value hedging relationships continued to be highly effective. Therefore, Old GM discontinued the application of hedge accounting for derivative instruments used in cash flow and fair value hedging relationships. Accordingly, all derivatives were recorded at fair value in the consolidated balance sheets and subsequent changes in fair value of derivatives were recorded in earnings. Certain releases of deferred gains and losses arising from previously designated cash flow and fair value hedges were also recorded in earnings by Old GM. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

The cash flows from derivative instruments receiving hedge accounting treatment are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Refer to Note 20 for additional information related to derivative transactions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. All available evidence, both positive and negative using a more likely than not standard, is considered to determine if valuation allowances should be established against deferred tax assets. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carryforward periods, previous experience with tax attributes expiring unused and tax planning alternatives. In making such judgments, significant weight is given to evidence that can be objectively verified.

The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income in the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The following possible sources of taxable income have been considered when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and Other non-operating income, net, interest expense in Interest expense and penalties in Selling, general and administrative expense.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average expected future working lifetime to full eligibility or the average life expectancy of the plan participants.

U.S. salaried retiree medical plan amendments on or after July 2008 are amortized over the period to full eligibility and actuarial gains and losses are amortized over the average remaining years of future service.

Actuarial (gains) losses and new prior service costs (credits) for the U.S. hourly healthcare plans are currently amortized over a time period corresponding with the average life expectancy of the plan participants.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60.0% of the difference between the fair value of assets and the expected calculated value in the first year and 10.0% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related U.S. benefit plans at their respective measurement dates. We use a cash flow matching approach, also called a spot rate yield curve approach, that uses projected cash flows matched to spot rates along a zero coupon yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

The discount rate assumption is established for each of the retirement-related non-U.S. benefit plans at their respective measurement dates utilizing published indices with adjustments made to reflect the underlying duration of expected benefit payments.

Plan Asset Valuation

Equity and debt securities, including asset backed securities, held by the investment pools are valued based upon the last traded or current bid price where market quotations are readily available. Securities which are not traded on an exchange, such as structured debt, are valued primarily using independent pricing vendors, using dealer or counterparty supplied valuations, or at their fair value as determined by an internal valuation committee. A periodic review of the pricing vendors that includes discussion and analysis of the inputs used to provide prices is held to ensure the integrity of the third-party valuations used in fair value estimates.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Real estate investments are valued using information such as independent real estate appraisals, internal appraisals prepared by investment managers and other market-based information about the individual property. The independent real estate appraisals are prepared at least once every three years and include detailed market studies and multiple valuation methodologies typical in the real estate industry such as sales comparison approach, replacement cost approach and income capitalization approach. For periods in which independent appraisals are not prepared, models using one or more of these approaches are developed for each property by asset managers as a means of determining changes in fair value. The fair values for each investment are reviewed quarterly and, if warranted by market or property level changes or other factors, are appropriately adjusted by the internal valuation committee based on management's best estimate of changes in fair value.

Private market investments which have not traded during the most recent period are recorded using the investment sponsor's valuation at the end of the prior quarter plus net cash flows and excluding fees during the most recent quarter. The investment sponsor's valuation will not be used if the sponsor's valuation does not reflect fair value in management's opinion. In this case, an internal valuation committee determines fair value considering factors that include valuations by other investors (including write-downs), review of an internal valuation committee's recommendation, and follow-on investments and financings, mergers, and bankruptcies or other events which in the opinion of management suggest material impairment or improvement in the investment.

Derivative instruments are priced primarily through independent pricing vendors, dealers or counterparty-supplied valuations and are typically based on industry standard derivative valuation models. Derivative instruments primarily include financial futures contracts, options including foreign currency options, swaps including options, interest rate swaps and credit default swaps and forward foreign currency contracts.

Valuations for fund investments that do not have a readily determinable fair value are typically estimated using a net asset value (NAV) provided by a third party administrator as a practical expedient. In certain circumstances, a fund's NAV may be adjusted to fair value as determined by an internal valuation committee. Fund investments with readily determinable fair values are priced primarily through independent pricing vendors, dealers or counterparty supplied valuations. Investments in these funds are specific to asset allocation strategies and include global fixed income, real estate, private equity, index, hedge and other funds.

Due to the lack of timely available market information for certain investments and the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had readily available market information been available.

Early Retirement Programs

An early retirement program was offered to certain German employees that allows these employees to transition from employment into retirement before their legal retirement age. Eligible employees who elect to participate in this pre-retirement leave program work full time in half of the pre-retirement period, the active period, and then do not work for the remaining half, the inactive period, and receive 50.0% of their salary in this pre-retirement period. These employees also receive a bonus equal to 35.0% of their annual net pay at the beginning of the pre-retirement period. Contributions were required to be made into the government pension program for participants in the pre-retirement period, and participants are entitled to a government subsidy if certain conditions are met. The bonus and additional contributions into the government pension plan were recognized over the period from when the employee signed the program contract until the end of the employee's active service period.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postemployment benefits (OPEB) obligations. The liability is comprised of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. The current labor contract with the UAW is effective for a four-year term that began in October 2007 and expires in September 2011. The contract included a $3,000 lump sum payment in the year ended 2007 and performance bonuses of 3.0%, 4.0% and 3.0% of wages in the years ended 2008, 2009 and 2010 for each UAW employee. These payments are amortized over the 12-month period following the respective payment dates. Active UAW employees and current retirees and surviving spouses were also granted pension benefit increases. In February 2009 Old GM and the UAW agreed to suspend the 2009 and 2010 performance bonus payments.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program, modified the Supplemental Unemployment Benefit (SUB) program and added the Transitional Support Program (TSP). These job security programs provide employee reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on our best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were generally expensed as incurred.

Stock Incentive Plans

GM

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We intend to grant awards to our employees through the 2009 Long Term Incentive Plan and have granted and will continue to grant awards under the GM Salary Stock Plan. Our policy is to record compensation expense over the applicable vesting period of an award.

The fair value of awards granted is based on the estimated fair value of our common stock. Since there currently is no observable publicly traded price for our common stock, we estimate the value of our common stock based on a discounted cash flow model. Refer to Note 29 for additional information.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore compensation cost is recorded on the date of grant.

Old GM

All of Old GM's awards for the period January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007 were accounted for at fair value, and compensation expense was recorded based on the award's estimated fair value. No share-based compensation expense was recorded for the top 25 most highly compensated employees in the year ended 2009, in compliance with the Loan and Security Agreement with the UST.

Stock options granted were measured on the date of grant using the Black-Scholes option-pricing model to determine fair value. Compensation expense was recorded on a graded vesting schedule. Old GM issued treasury shares upon exercise of employee stock options.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Option awards contingent on performance and market conditions were measured on the date of grant using a Monte-Carlo simulation model to determine fair value. Vesting was contingent upon a one-year service period and multiple performance and market requirements and was recorded on a graded vesting schedule over a weighted average derived service period.

Market condition based cash-settled awards were granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The fair value of each market condition based cash-settled award was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used multiple input variables.

Cash restricted stock units were granted to certain of Old GM's global executives that provided cash equal to the value of underlying restricted share units at predetermined vesting dates. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each cash-settled award was remeasured at the end of each reporting period and the liability and related expense adjusted based on the new fair value of Old GM's common stock.

All outstanding Old GM awards remained with Old GM and they were not replaced by us in the 363 Sale.

Recently Adopted Accounting Principles

Accounting for Uncertainty in Income Taxes

In January 2007 Old GM adopted the provisions of ASC 740-10, "Income Taxes," related to uncertain tax positions. ASC 740 requires that the tax effect(s) of a position be recorded only if it is more likely than not to be sustained based solely on its technical merits at the reporting date. If a tax position is not considered more likely than not to be sustained based solely on its technical merits, no benefits of the tax position are recorded. With the adoption of ASC 740, companies were required to adjust their financial statements to reflect only those tax positions that are more likely than not to be sustained. Upon adoption, Old GM recorded a decrease to Accumulated deficit of $137 million as a cumulative effect of a change in accounting principle with a corresponding decrease to the liability for uncertain tax positions.

Fair Value Measurements

In January 2009 Old GM adopted ASC 820-10, "Fair Value Measurements and Disclosures" for nonfinancial assets and nonfinancial liabilities that are recorded or disclosed at fair value in the financial statements on a nonrecurring basis. ASC 820-10 provides a consistent definition of fair value that focuses on exit price and prioritizes, within a measurement of fair value, the use of market-based inputs over company-specific inputs. The effect of Old GM's adoption of ASC 820-10 in January 2009 for nonfinancial assets and nonfinancial liabilities was not material and no adjustment to Accumulated deficit was required.

In April 2009 the Financial Accounting Standards Board (FASB) provided additional application and disclosure guidance regarding fair value measurements and impairments of debt securities. ASC 320-10, "Investments — Debt and Equity Securities," was amended and modified the other than temporary impairment guidance for debt securities and the presentation and disclosure requirements for all other than temporary impairments. ASC 820-10 was further amended and provides guidelines for consistently determining fair value measurements when the volume and level of activity for an asset or liability has significantly decreased, and provides guidance on identifying circumstances that indicate that a transaction is not orderly. ASC 825-10, "Financial Instruments" was also amended to expand fair value disclosures to interim reporting periods for certain financial instruments not recorded at fair value in the statement of financial position. Old GM adopted these standards in June 2009. The adoption of these standards did not have a material effect on the consolidated financial statements.

In September 2009 the FASB issued Accounting Standards Update (ASU) 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)," which permits a reporting entity to utilize, without adjustment, the NAV provided by a third party investee as a practical expedient to measure the fair value of certain investments. We adopted this standard in December 2009. ASU 2009-12 did not have a material effect on the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In October 2009 we adopted ASU 2009-5, "Measuring Liabilities at Fair Value." ASU 2009-5 provides additional guidance for the fair value measurement of liabilities. The adoption did not have a material effect on our consolidated financial statements.

In December 2009 we adopted disclosure updates to ASC 715-20, "Employers' Disclosures about Postretirement Benefit Plan Assets," that requires the following additional disclosures about plan assets for a defined benefit or postretirement plan: (1) narrative providing greater insight as to investment policies and strategies; (2) the fair value of pension plan assets by major category; (3) inputs and valuation techniques used to develop fair value measurement; and (4) discussion of concentration of risk. Refer to Note 19 for more information on the adoption of this guidance.

Business Combinations

In January 2009 Old GM adopted the revised ASC 805, "Business Combinations," which retained the underlying concepts of existing standards that all business combinations be accounted for at fair value under the acquisition method of accounting. However, ASC 805 changes the method of applying the acquisition method in a number of significant aspects. It requires that: (1) for all business combinations, the acquirer record all assets and liabilities of the acquired business, including goodwill, generally at their fair values; (2) certain pre-acquisition contingent assets and liabilities acquired be recorded at their fair values on the acquisition date; (3) contingent consideration be recorded at its fair value on the acquisition date and, for certain arrangements, changes in fair value be recorded in earnings until settled; (4) acquisition-related transaction and restructuring costs be expensed rather than treated as part of the cost of the acquisition and included in the amount recorded for assets acquired; (5) in step acquisitions, previous equity interests in an acquiree held prior to obtaining control be remeasured to their acquisition-date fair values, with any gain or loss recorded in earnings; and (6) when making adjustments to finalize initial accounting, companies revise any previously issued post-acquisition financial information in future financial statements to reflect any adjustments as if they had been recorded on the acquisition date. ASC 805 amended ASC 740, such that adjustments made to valuation allowances on deferred tax assets and acquired tax contingencies associated with acquisitions that closed prior to the effective date of ASC 805 should also apply the provisions of this standard. This standard applies to all business combinations entered into on or after January 1, 2009. In connection with the application of fresh-start reporting, we applied the guidance in this standard.

In January 2009 Old GM also adopted other amendments to ASC 805, related to the initial recognition and measurement, subsequent measurement and disclosures for assets and liabilities arising from contingencies in business combinations. In connection with our application of fresh-start reporting, we applied this guidance when measuring contingent assets and liabilities.

In January 2009 Old GM adopted amendments to ASC 350, "Intangibles — Goodwill and Other," and ASC 805 which clarified the accounting for defensive intangible assets. In connection with our application of fresh-start reporting, we applied this guidance when measuring and recording defensive intangible assets (e.g., Pontiac and Saturn brands).

In January 2009 Old GM also adopted amendments to ASC 275, "Risks and Uncertainties," and ASC 350 which provided new guidance for the determination of the useful life of intangible assets. The new guidance amended the factors that should be considered in developing the renewal or extension assumptions used to determine the useful life of a recognized intangible asset. In connection with our application of fresh-start reporting, we applied this guidance in selecting estimated useful lives for intangible assets.

Noncontrolling Interests in Consolidated Financial Statements

In January 2009 Old GM adopted certain amendments to ASC 810-10, "Consolidation," that govern the accounting for and reporting of noncontrolling interests in partially-owned consolidated subsidiaries and the loss of control of subsidiaries. Also, this standard requires that: (1) noncontrolling interest, previously referred to as minority interest, be reported as part of equity in the consolidated financial statements; (2) losses be allocated to a noncontrolling interest even when such allocation might result in a deficit balance, reducing the losses attributed to the controlling interest; (3) changes in ownership interests be treated as equity transactions if control is maintained; (4) changes in ownership interests resulting in gain or loss be recorded in earnings if control is gained or lost; and (5) in a business combination, a noncontrolling interest's share of net assets acquired be recorded at fair value,

Table of Contents

including its share of goodwill. The provisions of this standard were prospective upon adoption, except for the presentation and disclosure requirements. The presentation and disclosure requirements have been applied retrospectively for all periods presented. Accordingly, prior period amounts have been adjusted to apply the new method of accounting.

Accounting for Convertible Debt Instruments

In January 2009 Old GM adopted ASC 470-20, "Debt with Conversion and Other Options," which requires issuers of convertible debt securities within its scope to separate these securities into a debt component and an equity component, resulting in the debt component being recorded at fair value without consideration given to the conversion feature. Issuance costs are allocated between the debt and equity components. ASC 470-20 requires that convertible debt within its scope reflect a company's nonconvertible debt borrowing rate when interest expense is recorded. The provisions of ASC 470-20 have been applied retrospectively upon adoption, and prior period amounts have been adjusted to apply the new method of accounting. As a result of the adoption of ASC 470-20, Interest expense increased and Net income attributable to common stockholders decreased by $50 million in the period January 1, 2009 through July 9, 2009. Net Income attributable to common stockholders, per share, basic and diluted decreased by $0.08 in the period January 1, 2009 through July 9, 2009. Effective July 10, 2009 MLC retained Old GM's convertible debt. As a result, there was no effect on Interest expense, Net loss attributable to common stockholders, and Net loss attributable to common stockholders, per share, basic and diluted in the period July 10, 2009 through December 31, 2009 upon the adoption of ASC 470-20.

Accounting Standards Not Yet Adopted

In June 2009 the FASB issued certain amendments to ASC 860-10, "Transfers and Servicing." ASC 860-10 eliminates the concept of a qualifying special-purpose entity (SPE), establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recorded as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. This statement is effective for financial asset transfers occurring after the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. The adoption of this standard will not have a material affect on the consolidated financial statements.

In June 2009 the FASB issued an amendment to ASC 810-10. This amendment requires an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct the activities of a VIE that most significantly effect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. ASC 810-10, as amended, requires an ongoing reconsideration of the primary beneficiary, and amends the events that trigger a reassessment of whether an entity is a VIE. This statement is effective as of the beginning of a reporting entity's first annual reporting period that begins after November 15, 2009. Earlier application is prohibited. Retrospective application is optional. We are currently evaluating the effects, if any, that ASC 810-10 will have on the consolidated financial statements.

In September 2009 the FASB issued ASU 2009-13, "Multiple-Deliverable Revenue Arrangements." ASU 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU 2009-13 revises the method by which consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third party evidence of the selling price, or the reporting entity's best estimate of the selling price of individual deliverables in the arrangement. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. We are currently evaluating the effects, if any, that ASU 2009-13 will have on the consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 5. Acquisition and Disposal of Businesses

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC) entered into a joint venture (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. On February 1, 2010 HKJV purchased certain of our operations in India (India Operations), part of our GMIO segment, in exchange for a promissory note due in 2013, the value of which is contingent on the India Operation's earnings before interest and taxes in the years ending 2010 through 2012.

As a result of the sale agreement, the India Operation's assets and liabilities were classified as held for sale at December 31, 2009 and were determined to be non-current because we received a promissory note in exchange for the India Operations that will not convert to cash within one year. The India Operation's total assets of $530 million primarily included cash and cash equivalents, accounts receivable, inventory, and real estate, plants and equipment. Its total liabilities of $270 million primarily included accounts payable and other accrued liabilities.

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other Original Equipment Manufacturers (OEMs) with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. In addition, we and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities have been retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to Delphi's senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with the advance agreements with Delphi, the payment terms acceleration agreement with Delphi, and the claims associated with previously transferred pension costs for hourly employees. Refer to Note 21 for additional information on the DMDA.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests and the PBGC receiving Class C Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the MRA (as defined in Note 21) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In October 2009 we consummated the transactions contemplated by the DMDA. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. Additionally, we waived our rights to $550 million and $300 million previously advanced to Delphi under the advance agreements and the payment terms acceleration agreement and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the Pension Benefit Guarantee Corporation (PBGC) $70 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 21 for additional information on the Delphi-GM Settlement Agreements.

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor October 6, 2009
Net cash paid	$ 2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims (a)	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$ 3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$ 3,742

(a) Previously advanced amounts of $850 million and value of other administrative claims of $116 million.

The Class A Membership Interests in New Delphi are accounted for using the equity method of accounting. Refer to Note 10 for additional information on our Membership Interests in New Delphi.

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor October 6, 2009
Cash and cash equivalents	$ 40
Accounts and notes receivable, net	541
Inventories	245
Other current assets and deferred income taxes	28
Property, net	202
Deferred income taxes	39
Other assets	3
Goodwill (a)	61
Accounts payable (principally trade)	(316)
Short-term debt and current portion of long-term debt	(67)
Accrued expenses	(101)
Long-term debt	(10)
Other liabilities and deferred income taxes	(364)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Goodwill of $61 million arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. Goodwill deductible for tax purposes is $646 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Nexteer and the four domestic facilities had revenue of $3.7 billion in the year ended December 31, 2008 of which 68% was related to sales to Old GM. Furthermore, through the terms of the MRA, we provided Delphi labor cost subsidies and production cash burn support to many of the facilities acquired. Refer to Note 21 for additional information on the MRA. Since we and Old GM accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses will not have a significant effect on our financial results as the costs associated with these facilities have historically been reflected as inventory costs and recorded in Cost of sales. Additionally, we did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity.

In January 2010 we announced that we intend to pursue a sale of Nexteer. We continue to pursue this sale and have not yet entered into a definitive sales agreement.

Saab Bankruptcy and Sale

In February 2009 Saab, part of the GME segment, filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other expenses related to the deconsolidation. The loss reflects the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of DIP financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant net book value.

At September 30, 2009 we had obtained approval from our Board of Directors, met other necessary criteria to classify Saab's assets and liabilities as held for sale and had identified Koenigsegg Group AB as a potential buyer. In November 2009 the proposed sale of Saab was terminated at the discretion of the buyer. Subsequent to the conclusion of negotiations with Koenigsegg Group AB, our Board of Directors received expressions of interest in Saab from potential buyers including Spyker Cars NV. In February 2010 we completed the sale of Saab to Spyker Cars NV. As part of the agreement, Saab and Spyker Cars NV will operate under the Spyker Cars NV umbrella and Spyker Cars NV will assume responsibility for Saab operations. Previously announced wind-down activities of Saab operations have ended.

Saab's assets and liabilities are classified as held for sale at December 31, 2009. Saab's total assets of $388 million include cash and cash equivalents, inventory and receivables, and its total liabilities of $355 million include accounts payable, warranty and pension obligations and other liabilities.

Sale of Allison Transmission Business

In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business, formerly a division of Old GM's Powertrain Operations. The negotiated purchase price of $5.6 billion in cash plus assumed liabilities was paid at closing. The purchase price was subject to adjustment based on the amount of Allison's net working capital and debt on the closing date, which resulted in an adjusted purchase price of $5.4 billion. A gain on the sale of Allison in the amount of $5.3 billion, $4.3 billion after-tax, inclusive of the final purchase price adjustments, was recorded in the year ended 2007. Allison designs and manufactures commercial and military automatic transmissions and is a global provider of commercial vehicle automatic transmissions for

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

on-highway vehicles, including trucks, specialty vehicles, buses and recreational vehicles, off-highway and military vehicles, as well as hybrid propulsion systems for transit buses. Old GM retained the Powertrain Operations' facility near Baltimore, Maryland which manufactures automatic transmissions primarily for trucks and hybrid propulsion systems.

The results of operations and cash flows of Allison have been reported in the consolidated financial statements as Discontinued operations in the year ended 2007. Historically, Allison was reported within GMNA.

The following table summarizes the results of discontinued operations (dollars in millions):

	Predecessor Year Ended December 31, 2007
Net sales	$ 1,225
Income from discontinued operations before income taxes	$ 404
Income tax provision	$ 148
Income from discontinued operations, net of tax	$ 256
Gain on sale of discontinued operations, net of tax	$ 4,293

As part of the transaction, Old GM entered into an agreement, which we assumed in the 363 Sale, with the buyers of Allison whereby Old GM may provide the new parent company of Allison with contingent financing of up to $100 million. Such financing would be made available if, during a defined period of time, Allison was not in compliance with its financial maintenance covenant under a separate credit agreement. Old GM's financing would be contingent on the stockholders of the new parent company of Allison committing to provide an equivalent amount of funding to Allison, either in the form of equity or a loan, and, if a loan, such loan would be granted on the same terms as Old GM's loan to the new parent company of Allison. At December 31, 2009 we have not provided financing pursuant to this agreement. This commitment expires on December 31, 2010. Additionally, both parties have entered into non-compete arrangements for a term of 10 years in the United States and for a term of five years in Europe.

Note 6. Marketable Securities

The following tables summarize information regarding investments in marketable securities (dollars in millions):

	Successor December 31, 2009		
	Unrealized		Fair
	Gains	Losses	Value
Trading securities:			
Equity	$ 4	$ 2	$ 32
United States government and agencies	1	—	17
Mortgage- and asset-backed	—	2	22
Foreign government	1	—	24
Corporate debt	1	1	29
Total trading securities	$ 7	$ 5	$124

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor				Predecessor			
	December 31, 2009				December 31, 2008			
		Unrealized				Unrealized		
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Available-for-sale securities:								
Equity	$—	$ —	$ —	$ —	$ 24	$ —	$ —	$ 24
United States government and agencies	2	—	—	2	4	—	—	4
Mortgage- and asset-backed	—	—	—	—	65	1	—	66
Certificates of deposit	8	—	—	8	11	—	—	11
Foreign government	—	—	—	—	19	—	—	19
Corporate debt	—	—	—	—	17	—	—	17
Total available-for-sale securities	$10	$ —	$ —	$ 10	$140	$ 1	$ —	$141

We and Old GM maintained $79 million of the above securities as compensating balances to support letters of credit of $66 million at December 31, 2009 and 2008. We have and Old GM had access to these securities in the normal course of business; however the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

In addition to the securities previously discussed, securities of $11.2 billion and $4.0 billion with original maturity dates within 90 days of the acquisition date were classified as cash equivalents at December 31, 2009 and 2008.

The following table summarizes proceeds from and realized gains and losses on disposals of investments in marketable securities classified as available-for-sale (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Sales proceeds	$ 3	$ 185	$ 4,001	$ 955
Realized gains	$ —	$ 3	$ 44	$ 10
Realized losses	$ —	$ 10	$ 88	$ 4

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2009 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Contractual Maturities of Debt Securities		
Due in one year or less	$ 8	$ 8
Due after one year through five years	2	2
Due after five years through ten years	—	—
Due after ten years	—	—
Total contractual maturities of debt securities	$ 10	$ 10

Refer to Note 25 for the amounts recorded as a result of other than temporary impairments on debt and equity securities.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 7. Securitizations

Receivables are generated from sales of vehicles through the dealer network, as well as from service parts and powertrain sales. Certain of these receivables are sold to wholly-owned bankruptcy-remote SPEs. The SPEs are separate legal entities that assume the risks and rewards of ownership of the receivables.

On-balance sheet securitization programs are entered into in which certain trade accounts receivable related to vehicle sales are isolated in wholly-owned bankruptcy-remote SPEs, which in turn pledge the receivables to lending institutions. The receivables pledged are not recorded separately from other trade accounts receivable but are recorded in Accounts and notes receivable, net. Borrowings are recorded in Short-term debt and current portion of long-term debt.

Certain trade accounts receivable related to vehicle sales to dealers primarily in the Middle East were pledged as collateral under an on-balance sheet securitization program. The amount of receivables pledged under this program was $504 million at December 31, 2008. The outstanding borrowing under this program was $395 million at December 31, 2008. This facility matured in April 2009 and was fully paid.

In September 2008 Old GM entered into a one-year revolving on-balance sheet securitization program related to vehicle sales to dealers in the United States. This program provided financing of up to $197 million. The program replaced an off-balance sheet trade accounts receivable securitization facility that expired in September 2008. The outstanding borrowing under this program was $140 million at December 31, 2008. The program was terminated in connection with the Chapter 11 Proceedings in June 2009; outstanding amounts were fully paid and lenders' liens on the receivables were released.

Trade receivable securitization programs are utilized in Europe. The banks and factoring companies had a beneficial interest of $8 million and $11 million in the participating pool of trade receivables at December 31, 2009 and December 31, 2008.

Securitizations of Vehicles Subject to Automotive Retail Leases

In connection with the 363 Sale, we acquired vehicles subject to automotive retail leases and assumed the outstanding secured debt previously held by two of Old GM's bankruptcy-remote SPEs. These entities issued secured debt collateralized by vehicles subject to automotive retail leases. The secured debt has recourse solely to the vehicles subject to automotive retail leases and related assets. The outstanding secured debt was $19.8 million and $1.2 billion at December 31, 2009 and 2008.

Note 8. Inventories

The following table summarizes the components of inventory (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Productive material, work in process and supplies	$ 4,201	$ 4,849
Finished product, including service parts	5,906	9,579
Total inventories	10,107	14,428
Less LIFO allowance	—	(1,233)
Total inventories, net	$ 10,107	$ 13,195

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes adjustments recorded to inventories as a result of LCM analyses (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
LCM adjustments on inventories (a)	$ 168	$ 103	$ 336	$ 249

(a) Amounts represent LCM adjustments related to company vehicles and vehicles returned from lease awaiting sale at auction.

In the period January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007 Old GM's U.S. LIFO eligible inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities, which were carried at lower costs prevailing in prior years as compared with the cost of purchases in the period January 1, 2009 through July 9, 2009, and in the years ended 2008 and 2007. These liquidations decreased Old GM's Cost of sales by $5 million in the period January 1, 2009 through July 9, 2009 and by $355 million and $100 million in the years ended 2008 and 2007.

Note 9. Equipment on Operating Leases, net

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net and the related accumulated depreciation (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Current		
Equipment on operating leases	$ 3,070	$ 6,737
Less accumulated depreciation	(343)	(1,595)
Equipment on operating leases, net	$ 2,727	$ 5,142
Noncurrent		
Equipment on operating leases	$ 3	$ 674
Less accumulated depreciation	—	(232)
Equipment on operating leases, net	$ 3	$ 442

The following table summarizes depreciation expense related to Equipment on operating leases, net (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Years Ended December 31, 2008	Years Ended December 31, 2007
Depreciation expense	$ 437	$ 338	$ 1,575	$ 2,350

Refer to Note 25 for additional information on impairments related to Equipment on operating leases, net.

We are to receive minimum rental payments for Equipment on operating leases, net of $33 million in 2010 and $0 thereafter. The minimum rental payments on vehicle sales to daily rental car companies are paid at lease inception.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 10. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding equity in income (loss) of and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
GMAC (a)	$ —	$ (1,097)	$ 916	$ (1,245)
Gain on conversion of UST GMAC Loan (b)	—	2,477	—	—
GMAC Common Membership Interest impairment charges (a)	—	—	(7,099)	—
Total equity in income (loss) of and disposition of interest in GMAC (a)	—	1,380	(6,183)	(1,245)
Other significant nonconsolidated affiliates (c)	466	298	312	430
New United Motor Manufacturing, Inc. (50%) (d)	—	(243)	(118)	(5)
Others	31	6	(8)	99
Total equity in income (loss) of and disposition of interest in nonconsolidated affiliates	$ 497	$ 1,441	$ (5,997)	$ (721)

(a) GMAC converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in GMAC using the cost method rather than the equity method as Old GM no longer exercised significant influence over GMAC. In connection with GMAC's conversion into a C corporation, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests.

(b) In May 2009 the UST exercised its option to convert the outstanding amounts owed on the UST GMAC Loan into shares of GMAC's Class B Common Membership Interests.

(c) Includes Shanghai General Motors Co., Ltd. (SGM) (50%), SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (34%).

(d) New United Motor Manufacturing (NUMMI) (50%) was retained by MLC as part of the 363 Sale.

Investment in SGM

On July 10, 2009 our investments in SGM and its subsidiaries were adjusted to their fair values. Our investment in SGM was increased by fresh-start reporting adjustments of $3.5 billion. This fair value adjustment of $3.5 billion was allocated as follows: (1) goodwill of $2.9 billion; (2) intangible assets of $0.6 billion; and (3) property of $38 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of the assets ranging from seven to 25 years, with amortization expense of $24 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 14 years, with depreciation expense of $5 million per year.

Investment in New Delphi

In October 2009 we agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi. The New Delphi operating agreement contains specific "waterfall" provisions for the allocation of distributions among the Class A, Class B and Class C Membership Interests of New Delphi at varying percentages based on

Table of Contents

cumulative amounts of distributions. Once the cumulative amount distributed by New Delphi exceeds $7.0 billion, our Class A Membership Interests will represent 35% of New Delphi with the Class B Membership Interests representing the remaining 65% of New Delphi's equity. Our Class A Membership Interests entitles us to 49.12% of the first $1.0 billion of cumulative distributions and 57.78% of the next $1.0 billion of cumulative distributions. Additional distribution percentages are applied to specified distribution levels until the cumulative of $7.0 billion has been distributed. New Delphi does not expect to pay any cash distributions for the foreseeable future. Refer to Note 5 for additional information on New Delphi and the DMDA.

Investment in GMAC

As part of the approval process for GMAC to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in GMAC to less than 10.0% of the voting and total equity of GMAC by December 24, 2011. At December 31, 2009 our equity ownership in GMAC was 16.6% as subsequently discussed.

In December 2008 Old GM and FIM Holdings, an assignee of Cerberus ResCap Financing LLC, entered into a subscription agreement with GMAC under which each agreed to purchase additional Common Membership Interests in GMAC, and the UST committed to provide Old GM with additional funding in order to purchase the additional interests. In January 2009 Old GM entered into the UST GMAC Loan Agreement pursuant to which it borrowed $884 million (UST GMAC Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests of GMAC. The UST GMAC Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST GMAC Loan was secured by Old GM's Common and Preferred Membership Interests in GMAC. As part of this loan agreement, the UST had the option to convert outstanding amounts into a maximum of 190,921 shares of GMAC's Class B Common Membership Interests on a pro rata basis.

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST GMAC Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of GMAC Common Membership Interests of $2.5 billion recorded in Equity in income (loss) of and disposition of interest in GMAC and a loss on extinguishment of the UST GMAC Loan of $2.0 billion recorded in Gain (loss) on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of GMAC's Common Membership Interests.

GMAC converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in GMAC using the cost method rather than the equity method as Old GM no longer exercised significant influence over GMAC. In connection with GMAC's conversion into a C corporation, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investments in GMAC's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to GMAC of $3.8 billion consisting of the purchase of trust preferred securities of $2.5 billion and mandatory convertible preferred securities of $1.3 billion. The UST also exchanged all of its existing GMAC non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion. In addition the UST converted mandatory convertible preferred securities valued at $3.0 billion into GMAC common stock. These actions resulted in the dilution of our investment in GMAC common stock from 24.5% to 16.6%, of which 6.7% is held directly and 9.9% is held in an independent trust. Pursuant to previous commitments to reduce influence over and ownership in GMAC, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of our 9.9% ownership in GMAC common stock held in the trust by December 24, 2011.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize financial information of GMAC for the periods GMAC was accounted for as an equity method investee (dollars in millions):

	Six Months Ended June 30, 2009 (unaudited)	Years Ended December 31, 2008	Years Ended December 31, 2007
Consolidated Statements of Income			
Total financing revenue and other interest income	$ 7,450	$18,918	$22,741
Interest expense	$ 4,269	$11,297	$14,406
Depreciation expense on operating lease assets	$ 2,409	$ 5,478	$ 4,552
Gain on extinguishment of debt	$ 657	$12,628	$ 563
Total other revenue	$ 2,453	$14,510	$ 5,964
Total noninterest expense	$ 4,809	$ 8,649	$ 8,486
Income (loss) before income tax expense (benefit)	$ (3,588)	$ 3,376	$ (1,806)
Income tax expense (benefit)	$ 990	$ (60)	$ 395
Net income (loss)	$ (4,578)	$ 1,868	$ (2,332)
Net income (loss) available to members	$ (4,933)	$ 1,868	$ (2,524)

	June 30, 2009 (unaudited)	December 31, 2008
Condensed Consolidated Balance Sheets		
Loans held for sale	$ 11,440	$ 7,919
Total finance receivables and loans, net	$ 87,520	$ 98,295
Investment in operating leases, net	$ 21,597	$ 26,390
Other assets	$ 22,932	$ 26,922
Total assets	$181,248	$ 189,476
Total debt	$105,175	$ 126,321
Accrued expenses and other liabilities	$ 41,363	$ 32,533
Total liabilities	$155,202	$ 167,622
Senior preferred interests	$ 12,500	$ 5,000
Preferred interests	$ 1,287	$ 1,287
Total equity	$ 26,046	$ 21,854

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMAC — Preferred and Common Membership Interests

The following tables summarize the activity with respect to the investment in GMAC Common and Preferred Membership Interests for the periods GMAC was accounted for as an equity method investee (dollars in millions):

	Predecessor	
	GMAC Common Membership Interests	GMAC Preferred Membership Interests
Balance at January 1, 2008	$ 7,079	$ 1,044
Old GM's proportionate share of GMAC's income	916	—
Conversion of GMAC Participation Agreement to Common Membership Interests	362	—
Impairment charges	(7,099)	(1,001)
Other, primarily accumulated other comprehensive loss	(767)	—
Balance at December 31, 2008	491	43
Old GM's proportionate share of GMAC's losses (a)	(1,130)	(7)
Investment in GMAC Common Membership Interests	884	—
Gain on disposition of GMAC Common Membership Interests (b)	2,477	—
Conversion of GMAC Common Membership Interests (b)	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$ 36

(a) Due to impairment charges and Old GM's proportionate shares of GMAC's losses, the carrying amount of Old GM's investments in GMAC Common Membership Interest was reduced to $0. Old GM recorded its proportionate share of GMAC's remaining losses to its investment in GMAC Preferred Membership Interests.

(b) Due to the exercise of the UST's option to convert the UST GMAC Loan into GMAC Common Membership Interests, in connection with the UST GMAC Loan conversion, Old GM recorded a gain of $2.5 billion on disposition of GMAC Common Membership Interests and a $2.0 billion loss on extinguishment based on the carrying amount of the UST GMAC Loan and accrued interest of $0.9 billion.

Investment in Other Nonconsolidated Affiliates

The following tables summarize information regarding other significant nonconsolidated affiliates including SGM and SGMW (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Carrying amount of investments in significant affiliates	$ 5,516	$ 1,234
Total assets of significant affiliates	$ 10,197	$ 6,555
Total liabilities of significant affiliates	$ 6,737	$ 3,802

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Proportionate share of net income	$ 466	$ 298	$ 312	$ 430

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and parts. The following tables summarize the effects of transactions with nonconsolidated affiliates which are not eliminated in consolidation (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Results of Operations				
Sales	$ 560	$ 596	$ 1,076	$ 793
Cost of sales	$ 1,137	$ 737	$ 3,815	$ 3,850
Selling, general and administrative expense	$ (19)	$ (19)	$ 62	$ 81
Interest expense	$ —	$ —	$ —	$ 1
Interest income and other non-operating income, net	$ 14	$ (9)	$ 231	$ 816

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Financial Position		
Accounts and notes receivable, net	$ 594	$ 394
Accounts payable (principally trade)	$ 396	$ 112

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash Flows				
Operating	$ 77	$ 546	$ (1,014)	$ (1,837)
Investing	$ (67)	$ —	$ 370	$ 254
Financing	$ —	$ —	$ —	$ 1

Note 11. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Successor		Predecessor	
	Estimated Useful Lives (Years)	December 31, 2009	Estimated Useful Lives (Years)	December 31, 2008
Land	—	$ 2,602	—	$ 1,162
Buildings and land improvements	2-40	4,292	2-40	18,974
Machinery and equipment	3-30	6,686	3-30	49,529
Construction in progress	—	1,649	—	2,938
Real estate, plants, and equipment		15,229		72,603
Less accumulated depreciation		(1,285)		(43,712)
Real estate, plants, and equipment, net		13,944		28,891
Special tools, net	1-13	4,743	1-10	10,774
Total property, net		$ 18,687		$ 39,665

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amount of net capitalized software and capitalized interest included in Property, net (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Capitalized software in use	$ 263	$ 537
Capitalized software in the process of being developed	$ 81	$ 175
Capitalized interest	$ 26	$ 576

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Cost of sales, Selling, general and administrative expense and Other expenses, net (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Depreciation and impairment of long-lived assets	$ 1,355	$ 4,352	$ 4,863	$ 3,846
Amortization and impairment of special tools	865	2,139	3,493	3,243
Total depreciation, impairment charges and amortization expense	$ 2,220	$ 6,491	$ 8,356	$ 7,089
Capitalized software amortization expense (a)	$ 132	$ 136	$ 209	$ 192
Capitalized interest amortization expense (a)	$ —	$ 46	$ 77	$ 48

(a) Included in Total depreciation, impairment charges and amortization expense.

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. As a result, Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. In the period July 10, 2009 through December 31, 2009 we recorded incremental depreciation and amortization of approximately $20 million. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion, $0.8 billion and $0.2 billion in the period January 1, 2009 through July 9, 2009 and the years ended 2008 and 2007.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 12. Goodwill

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor			
	GMNA	GME	GMIO	Total
Balance at July 10, 2009 (a)	$26,348	$3,262	$854	$30,464
Goodwill acquired	61	—	—	61
Effect of foreign currency translation on goodwill	—	73	87	160
Goodwill included in Assets held for sale	—	—	(13)	(13)
Balance at December 31, 2009	26,409	3,335	928	30,672
Accumulated impairment charges	—	—	—	—
Goodwill	$26,409	$3,335	$928	$30,672

	Predecessor			
	GMNA	GME	GMIO	Total
Balance at January 1, 2008	$ 173	$ 563	$ —	$ 736
Accumulated impairment charges	—	—	—	—
Goodwill	173	563	—	736
Effect of foreign currency translation on goodwill	(19)	(107)	—	(126)
Impairment charges (b)	(154)	(456)	—	(610)
Balance at December 31, 2008	154	456	—	610
Accumulated impairment charges	(154)	(456)	—	(610)
Goodwill	$ —	$ —	$ —	$ —

(a) We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. There was no goodwill on an economic basis based on the fair value of our equity, liabilities and identifiable assets. None of the goodwill from this transaction is deductible for tax purposes.

(b) Goodwill impairment charges of $154 million and $456 million were recorded at GMNA and GME in the year ended 2008 related to sharply reduced forecasts of automotive sales in the near- and medium-term. Refer to Note 25 for additional information on Old GM's impairment charges related to Goodwill in 2008. We had no goodwill during the period January 1, 2009 to July 9, 2009.

In the three months ended December 31, 2009 we performed our annual goodwill impairment analysis of our reporting units as of October 1, 2009, which resulted in no goodwill impairment charges. In addition, during the three months ended December 31, 2009, we determined that certain additional events and circumstances related to certain reporting units had changed such that interim goodwill impairment tests were necessary as of December 31, 2009. For our GME reporting unit, these changes related to our decision to retain sole ownership of our GME reporting unit and the additional restructuring actions necessary and expected higher overhead costs due to decisions to delay or cancel certain previously planned facility closures. For other identified reporting units in GMIO, the changes related to deterioration in expected future operating results from those anticipated in our annual impairment analysis. The results of this testing indicated that goodwill was not impaired for any of the reporting units tested.

Refer to Note 25 for additional information on goodwill impairments in prior periods.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 13. Intangible Assets, net

The following table summarizes the components of amortizable intangible assets (dollars in millions):

	Successor				Predecessor			
	December 31, 2009				December 31, 2008			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property (a)	4	$ 7,916	$ 1,460	$ 6,456	8	$ 598	$ 333	$ 265
Brands	38	5,508	72	5,436	—	—	—	—
Dealer network and customer relationships	21	2,205	67	2,138	—	—	—	—
Favorable contracts	24	542	39	503	—	—	—	—
Other	3	17	3	14	—	—	—	—
Total amortizable intangible assets	20	$16,188	$ 1,641	$14,547	8	$ 598	$ 333	$ 265

(a) Technology and intellectual property includes nonamortizing in-process research and development of $175 million at December 31, 2009.

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Amortization expense related to intangible assets (a)	$ 1,584	$ 44	$ 83	$ 74

(a) Amortization expense in the period July 10, 2009 through December 31, 2009 includes an impairment charge of $21 million related to technology and intellectual property. Refer to Note 25 for additional information related to the impairment charge.

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2010	$ 2,550
2011	$ 1,785
2012	$ 1,560
2013	$ 1,227
2014	$ 610

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 14. Restricted Cash

Cash subject to contractual restrictions and not readily available is classified as restricted cash. Funds held in the UST Credit Agreement and Canadian Health Care Trust (HCT) escrow accounts are invested in government securities and money market funds in accordance with the terms of the escrow agreements. The following table summarizes the components of restricted cash (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Current		
UST Credit Agreement (a)	$ 12,475	$ —
Canadian Health Care Trust (b)	955	—
Receivables Program (c)	187	—
Securitization trusts	191	450
Pre-funding disbursements	94	222
Other (d)	15	—
Total current restricted cash	13,917	672
Non-current		
Collateral for insurance related activities	658	679
Other non-current (d)	831	1,238
Total restricted cash	$ 15,406	$ 2,589

(a) Under the terms of the UST Credit Agreement funds are held in escrow and will be distributed to us at our request if certain conditions are met. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan. Upon repayment of the UST Loans and Canadian Loan any funds remaining in escrow will be returned to us. Refer to Notes 2 and 18 for additional information on the UST Credit Agreement.

(b) Under the terms of an escrow agreement between GMCL, the EDC and an escrow agent, GMCL established a CAD $1.0 billion (equivalent to $893 million when entered into) escrow to fund its healthcare obligations.

(c) In March 2009 the UST announced that it will provide financial assistance to automotive suppliers by guaranteeing or purchasing certain receivables payable by us (Receivables Program). Under the terms of the Receivables Program, the use of funds is limited to purchasing receivables from suppliers that have elected to participate in the program. This program will terminate in accordance with its terms in April 2010. Refer to Note 18 for additional information on the Receivables Program.

(d) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Note 15. Other Assets

The following table summarizes the components of Other assets (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Investment in GMAC (a)	$ 1,635	$ 43
Taxes other than income taxes	297	612
Derivative assets	44	583
Other	546	892
Total other assets	$ 2,522	$ 2,130

Table of Contents

(a) December 31, 2009 balance includes the investment in GMAC common stock of $970 million, which prior to June 30, 2009 was accounted for by Old GM as an equity method investment and recorded in Equity of net assets of nonconsolidated affiliates. The December 31, 2009 balance also includes the investment in GMAC preferred stock with a carrying amount of $665 million and a fair value of $989 million. Refer to Note 10 for additional information on the investment in GMAC.

Note 16. Variable Interest Entities

Consolidated VIEs

VIEs that were consolidated because we or Old GM were the primary beneficiary primarily included: (1) previously divested and current suppliers for which we or Old GM made significant guarantees or provided financial support; (2) the Receivables Program; (3) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (4) leasing SPEs which held real estate assets and related liabilities for which residual guarantees were provided; and (5) an entity which managed certain private equity investments held by our and Old GM's pension plans and previously held by our and Old GM's OPEB plans, along with six associated general partner entities. Certain creditors and beneficial interest holders of these VIEs have or had limited, insignificant recourse to our general credit or Old GM's general credit, in which we or Old GM could be held liable for certain of the VIE's obligations.

CAMI

In March 2009 Old GM determined that due to changes in contractual arrangements related to CAMI Automotive Inc. (CAMI), it was required to reconsider its previous conclusion that CAMI was not a VIE. As a result of Old GM's analysis, it determined that CAMI was a VIE and Old GM was the primary beneficiary, and therefore Old GM consolidated CAMI. As the consolidation date occurred near the end of the reporting period, the consolidation was based on estimates of the fair values for all assets and liabilities acquired. Based on Old GM's estimates, the equity interests it held and held by the noncontrolling interest had a fair value of approximately $12 million. Total assets were approximately $472 million comprised primarily of property, plant, and equipment and related party accounts receivable and inventory. Total liabilities were approximately $460 million, comprised primarily of long-term debt, accrued liabilities and pension and other post-employment benefits. We completed our purchase price accounting for CAMI at July 10, 2009 and determined that the amounts estimated as of the initial consolidation date of March 1, 2009 did not require adjustment. Supplemental pro forma information is omitted as the effect is immaterial. In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki for $100 million increasing our ownership interest from 50% to 100%. Subsequent to this acquisition, CAMI became a wholly-owned subsidiary and is not included in the tabular disclosures below.

Receivables Program

We determined that the Receivables Program was a VIE. We also determined that we are the primary beneficiary because we are the only party to the Receivables Program with equity at risk, we have a greater risk of loss than the UST and we are more closely related to the Receivables Program as its primary purpose is to support our supply base, thereby helping ensure that our production needs are met.

In December 2009 we announced the termination of the Receivables Program in April 2010. Upon termination, we will share any residual capital in the program equally with the UST. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. We do not anticipate making any additional equity contributions. Refer to Note 18 for additional information on the Receivables Program.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the carrying amount of consolidated VIE assets and liabilities (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Assets:		
Cash and cash equivalents	$ 15	$ 22
Accounts and notes receivable, net	14	15
Inventory	15	—
Other current assets	—	—
Property, net	5	71
Restricted cash	191	—
Other assets	33	28
Total assets	$ 273	$ 136
Liabilities:		
Accounts payable (principally trade)	$ 17	$ 6
Short-term borrowings and current portion of long-term debt	205	105
Accrued expenses	10	20
Other liabilities	23	15
Total liabilities	$ 255	$ 146

The following table summarizes the amounts recorded in earnings related to consolidated VIEs (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Sales	$ 24	$ 14	$ 8
Other revenue	17	17	32
Cost of sales	8	(1)	5
Selling, general administrative expense	8	5	(11)
Other expenses, net	9	10	19
Interest expense	14	22	—
Reorganization losses (gains), net	—	26	—
Income tax expense	1	—	—
Net income (loss)	$ 1	$ (31)	$ 27

Nonconsolidated VIEs

VIEs that were not consolidated because we or Old GM were not the primary beneficiary primarily included: (1) troubled suppliers for which guarantees were made or financial support was provided; (2) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (3) leasing entities for which residual value guarantees were made; and (4) GMAC.

Guarantees and financial support are provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns. Types of financial support that we and Old GM provided include, but are not limited to: (1) funding in the form of a loan from us or Old GM; (2) guarantees of the supplier's debt or credit facilities; (3) one-time payments to fund prior losses of the supplier; (4) indemnification agreements to fund the suppliers' future losses or obligations; (5) agreements to provide additional funding or liquidity to the supplier in the form of price

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

increases or change in payment terms; and (6) assisting the supplier in finding additional investors. The maximum exposure to loss related to these VIEs was generally limited to the amount of accounts and notes receivable recorded with the suppliers and any related guarantees.

We have and Old GM had investments in joint ventures that manufacture, market and sell vehicles in certain markets. These joint ventures were self-funded and financed with no contractual terms that would require future financial support to be provided. The maximum exposure to loss is limited to the carrying amount of the investments recorded in Equity in net assets of nonconsolidated affiliates.

American Axle

In September 2009 we paid $110 million to American Axle and Manufacturing Holdings, Inc. (American Axle), a former subsidiary and current supplier, to settle and modify existing commercial arrangements and acquired warrants to purchase 4 million shares of American Axle's common stock. This payment was made in response to the liquidity needs of American Axle and our desire to modify the terms of our ongoing commercial arrangement. Under the new agreement, we also provided American Axle with a second lien term loan facility of up to $100 million. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

As a result of these transactions, we concluded that American Axle was a VIE for which we were not the primary beneficiary. Our variable interests in American Axle include the warrants we received and the second lien term loan facility, which exposes us to possible future losses depending on the financial performance of American Axle. At December 31, 2009 no amounts were outstanding under the second lien term loan. At December 31, 2009 our maximum exposure to loss related to American Axle was $125 million, which represented the fair value of the warrants of $25 million recorded in Non-current assets and the potential exposure of $100 million related to the second lien term loan facility.

GMAC

In the three months ended December 31, 2008, GMAC engaged in or agreed to several transactions, including an exchange and cash tender offers to purchase and/or exchange certain of its and its subsidiaries' outstanding notes for new notes and 9% Cumulative Perpetual Preferred Stock, the issuance of Series D-2 Fixed Rate Cumulative Perpetual Preferred Membership Interests to the UST, the conversion of the Participation Agreement to Common Membership Interests, and the issuance of additional Common Membership Interests to Old GM. As a result of these changes to GMAC's capital structure, Old GM was required to reconsider its previous conclusion that GMAC was a voting interest entity and it did not hold a controlling financial interest in GMAC. As part of Old GM's qualitative and quantitative analyses, Old GM determined that GMAC was a VIE as it did not have sufficient equity at risk. Old GM also determined that a related party group, as that term is defined in ASC 810-10, existed between Old GM and the UST under the de facto agency provisions of ASC 810-10. However, Old GM determined based on both qualitative and quantitative analysis that the related party group to which it belonged did not absorb the majority of GMAC's expected losses or residual returns and therefore no member of the related party group was the primary beneficiary of GMAC. Accordingly Old GM did not consolidate GMAC at December 31, 2008.

Old GM's quantitative analysis was performed using a Black-Scholes model to compute the price of purchasing a hypothetical put on GMAC's net assets exclusive of variable interests to estimate expected losses of the variable interests of GMAC. The same Black-Scholes model was used to estimate the expected losses allocated to each of the individual variable interests identified in GMAC's capital structure. Significant estimates, assumptions, and judgments used in Old GM's analysis included that the outstanding unsecured debt of GMAC was a variable interest in GMAC because it was trading at a sufficient discount to face value to indicate that it was absorbing a significant portion of GMAC's expected losses and receiving a portion of its expected returns; that the expected return on GMAC's net assets exclusive of variable interests were normally distributed with a mean return equal to the risk-free rate of return and an expected volatility of approximately 22%; estimates of the fair value of each of GMAC's variable interests and other components of its the capital structure; and estimates of the expected outstanding term of each of GMAC's non-perpetual variable

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

interests, which Old GM estimated to have a weighted average term of approximately 5 years. Other qualitative considerations included the fact that Old GM was required to reduce its common investment in GMAC to below 10% within three years, had no voting members on the GMAC Board of Managers, and under other contractual provisions, could not attempt to influence the operations of GMAC or the manner in which its Common Membership Interests were voted.

In connection with GMAC's conversion to a C corporation on June 30, 2009, each unit of each class of GMAC Membership Interests was converted into shares of capital stock of GMAC with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investments in GMAC's common and preferred stock in connection with the 363 Sale.

In December 2009, the UST made a capital contribution to GMAC of $3.8 billion consisting of the purchase of trust preferred securities in aggregate liquidation amount of $2.5 billion and mandatory convertible preferred securities in aggregate liquidation amount of $1.3 billion. The UST also exchanged all of its existing GMAC non-convertible preferred stock for newly issued mandatory convertible preferred securities with an aggregate liquidation preference of $5.3 billion. In addition, the UST converted mandatory convertible preferred securities with an aggregate liquidation preference of $3.0 billion into GMAC common stock. After these actions, we and the UST owned 16.6% and 56.3% of GMAC's common stock. The UST also owns preferred stock of GMAC with a liquidation value of $11.4 billion, and we own preferred stock with a liquidation value of $1.0 billion. This transaction constituted a reconsideration event and we determined that GMAC continued to be a VIE as it does not have sufficient equity at risk. Although the related party group to which we and the UST belong absorbs a majority of the expected losses, we are not the primary beneficiary because the UST absorbs more expected losses than us, we were not involved in the redesign of GMAC, and we are controlled by the UST. Furthermore, we do not believe we will be the primary beneficiary upon adoption of modifications of ASC 810-10, effective January 1, 2010, because we lack the power through voting or similar rights to direct those activities of GMAC that most significantly affect its economic performance. As a result of previous agreements Old GM entered into during GMAC's approval process to obtain Bank Holding Company status and whose terms and conditions we assumed in connection with the 363 Sale, we do not have significant influence over GMAC. Our principal variable interests in GMAC are our investments in GMAC preferred and common stock. Refer to Notes 10 and 30 for additional information on our investment in GMAC, our significant agreements with GMAC and our maximum exposure under those agreements.

The following table summarizes the amounts recorded for nonconsolidated VIEs, and the related off-balance sheet guarantees and maximum exposure to loss, excluding GMAC (dollars in millions):

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
	Carrying Amount	Maximum Exposure to Loss(a)	Carrying Amount	Maximum Exposure to Loss(b)
Assets:				
Accounts and notes receivable, net	$ 8	$ 8	$ 10	$ 10
Investment in nonconsolidated affiliates	96	50	40	40
Other assets	26	26	6	6
Total assets	$ 130	$ 84	$ 56	$ 56
Liabilities:				
Accrued expenses	—	—	11	—
Total liabilities	$ —	$ —	$ 11	$ —
Off-Balance Sheet:				
Residual value guarantees		32		79
Other guarantees		4		5
Other liquidity arrangements (c)		115		—
Total guarantees and liquidity arrangements		$ 151		$ 84

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Amounts at December 31, 2009 included $139 million related to troubled suppliers.

(b) Amounts at December 31, 2008 included $21 million related to troubled suppliers.

(c) Amount includes second lien term loan facility provided to American Axle of $100 million and other loan commitments of $15 million.

Note 17. Accrued Expenses, Other Liabilities and Deferred Income Taxes

The following table summarizes the components of Accrued expenses, other liabilities and deferred income taxes:

	Successor December 31, 2009	Predecessor December 31, 2008
Current		
Dealer and customer allowances, claims and discounts	$ 6,444	$ 8,939
Deposits from rental car companies	4,583	6,142
Deferred revenue	892	1,493
Policy, product warranty and recall campaigns	2,965	3,792
Delphi liability	—	150
Payrolls and employee benefits excluding postemployment benefits	1,325	1,591
Insurance reserves	243	388
Taxes (other than income taxes)	1,031	1,312
Derivative liability	568	2,726
Postemployment benefits including facility idling reserves	985	1,727
Interest	142	779
Pensions	430	430
Income taxes	219	186
Deferred income taxes	57	87
Other	2,404	2,685
Total accrued expenses	$ 22,288	$ 32,427
Noncurrent		
Dealer and customer allowances, claims and discounts	$ 1,311	$ 1,578
Deferred revenue	480	1,265
Policy, product warranty and recall campaigns	4,065	4,699
Delphi liability	—	1,570
Payrolls and employee benefits excluding postemployment benefits	1,818	2,314
Insurance reserves	269	1,324
Derivative liability	146	817
Postemployment benefits including facility idling reserves	1,944	1,626
Income taxes	944	430
Deferred income taxes	807	563
Other	1,495	1,206
Total other liabilities and deferred income taxes	$ 13,279	$ 17,392

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 7,193	$ 8,491	$ 9,615
Warranties issued and assumed in period	1,598	1,069	4,277
Payments	(2,232)	(1,851)	(5,068)
Adjustments to pre-existing warranties	291	(153)	294
Effect of foreign currency translation	180	63	(627)
Liability adjustment, net due to the deconsolidation of Saab (a)	—	(77)	—
Ending balance	7,030	7,542	8,491
Effect of application of fresh-start reporting	—	(349)	—
Ending balance including effect of application of fresh-start reporting	$ 7,030	$ 7,193	$ 8,491

(a) In August 2009 Saab met the criteria to be classified as held for sale and, as a result, Saab's warranty liability was classified as held for sale at December 31, 2009.

In March 2009 the U.S. government announced that it would create a warranty program to pay for repairs covered by Old GM's warranty on each new vehicle sold in the U.S. and Mexico during Old GM's restructuring period. In May 2009 pursuant to the terms of the warranty program, Old GM and the UST contributed $410 million to fund the program. Old GM contributed $49 million in cash. The UST contributed the remaining required cash as part of a $361 million loan. On July 10, 2009 in connection with the 363 Sale, we assumed the obligations of the warranty program and entered into the UST Credit Agreement assuming debt of $7.1 billion, which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment of $361 million due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans balance to $6.7 billion. The original estimate of the warranty period was March 30, 2009 through July 31, 2009, which was based on a requirement that the UST approve the termination of the warranty program prior to July 31, 2009. The UST allowed repayment of the full amount of the $361 million loan on July 10, 2009 effectively terminating the warranty program. Subsequently, the cash contribution of $49 million and interest earned to date were repaid to us from the warranty program.

Note 18. Short-Term and Long-Term Debt

Short-Term Debt and Current Portion of Long-Term Debt

The following table summarizes the components of short-term debt (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
UST Loans	$ 5,712	$ —
UST Loan Facility (a)	—	3,836
Canadian Loan	1,233	—
Short-term debt — third parties	1,475	2,567
Short-term debt — related parties (b)	1,077	2,067
Current portion of long-term debt (c)	724	8,450
Total short-term debt	$ 10,221	$ 16,920
Available under short-term line of credit agreements (d)	$ 220	$ 186
Interest rate range on outstanding short-term debt (e)	0.0 – 19.0%	0.0 – 28.0%
Weighted-average interest rate on outstanding short-term debt (f)	6.5%	5.6%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) UST Loan Facility (as subsequently defined) is net of a $913 million discount which is comprised of $749 million for the UST Additional Note (as subsequently defined) and $164 million for the fair value of the warrants issued in connection with the loans under the UST Loan Agreement. At May 31, 2009 the carrying amount of the debt was accreted to the full face value of the UST Loan Facility and the UST Additional Note with the discount charged to Interest expense.

(b) Primarily dealer financing from GMAC for dealerships we own and Old GM owned.

(c) Amounts owed at December 31, 2009 include various secured and unsecured debt instruments. Amounts owed at December 31, 2008 include a secured revolving credit facility of $4.5 billion and a U.S. term loan of $1.5 billion.

(d) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees are insignificant.

(e) Includes zero coupon debt.

(f) Includes coupon rates on debt denominated in various foreign currencies. At December 31, 2009 the weighted average effective interest rate on outstanding short-term debt was 8.0%.

Long-term debt

The following table summarizes the components of long-term debt (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
U.S. dollar denominated bonds	$ —	$ 14,882
VEBA Notes	2,825	—
Contingent convertible debt	—	7,339
Foreign currency denominated bonds	—	4,375
Other long-term debt (a)	3,461	10,841
Total debt	6,286	37,437
Less current portion of long-term debt	(724)	(8,450)
Fair value adjustment (b)	—	31
Total long-term debt	$ 5,562	$ 29,018
Available under long-term line of credit agreements (c)	$ 398	$ 457

(a) Old GM amounts include a secured revolving credit facility of $4.5 billion and a U.S. term loan of $1.5 billion, which are included in the current portion of long-term debt.

(b) To adjust hedged fixed rate debt for fair value changes attributable to the hedged risk. Refer to Note 20 for additional information on fair value hedges.

(c) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for theses commitment fees are insignificant.

GM

UST Loans and VEBA Notes

Old GM received total proceeds of $19.4 billion ($15.4 billion subsequent to January 1, 2009) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, $12.5 billion remained deposited in escrow at December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Amounts remaining in the escrow account will be distributed to us at our request upon certain conditions as outlined in the UST Credit Agreement. Any unused amounts in escrow on June 30, 2010 are required to be used to repay the UST Loans and Canadian Loan on a pro rata basis. Upon repayment of the UST Loans and Canadian Loan any funds in escrow will be returned to us. The UST Loans and Canadian Loan have been classified as short-term debt based on these terms.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion.

In November 2009 we signed amendments to the UST Credit Agreement and Canadian Loan Agreement to provide for quarterly repayments of our UST Loans and Canadian Loan. Under these amendments, we agreed to make quarterly payments of $1.0 billion and $192 million to the UST and EDC. In December 2009 we made a payment on the UST Loans of $1.0 billion.

The UST Loans accrue interest equal to the greater of the three month LIBOR rate or 2.0%, plus 5.0%, per annum, unless the UST determines that reasonable means do not exist to ascertain the LIBOR rate or that the LIBOR rate will not adequately reflect the UST's cost to maintain the loan. In such a circumstance, the interest rate will be the greatest of: (1) the prime rate plus 4%; (2) the federal funds rate plus 4.5%; or (3) the three month LIBOR rate (which will not be less than 2%) plus 5%. We are required to prepay the UST Loans on a pro rata basis (between the UST Loans, VEBA Notes and Canadian Loan), in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. We may also voluntarily repay the UST Loans in whole or in part at any time. Once repaid, amounts borrowed under the UST Credit Agreement may not be reborrowed. At December 31, 2009 the UST Loans accrued interest at 7.0%.

In connection with the 363 Sale, we entered into the VEBA Note Agreement and issued VEBA Notes of $2.5 billion. The VEBA Notes have an implied interest rate of 9.0% per annum. The VEBA Notes and accrued interest are scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015, and 2017. The VEBA Notes are considered outstanding debt on December 31, 2009 due to the settlement of the UAW hourly retiree medical plan pursuant to the 2009 Revised UAW Settlement Agreement and were recorded at their fair value of $2.8 billion, a premium of $325 million to the face value. We determined the fair value of the VEBA Notes based on market information for similar instruments. Refer to Note 19 for additional information on the 2009 Revised UAW Settlement Agreement.

The obligations under the UST Credit Agreement and the VEBA Note Agreement are secured by substantially all of our assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

The UST Credit Agreement and the VEBA Note Agreement contain various representations and warranties that we made on the effective date and, with respect to the UST Credit Agreement, we will be required to make on certain other dates. The UST Credit Agreement and the VEBA Note Agreement also contain various affirmative covenants requiring us to take certain actions and negative covenants restricting our ability to take certain actions. The affirmative covenants impose obligations on us with respect to, among other things:

- Financial and other reporting to the UST, including periodic confirmation of compliance with certain expense policies;
- Executive privileges and compensation requirements;
- Corporate existence;
- Preservation of the collateral and other property subject to the UST Credit Agreement and VEBA Note Agreement;
- Payment of taxes; and
- Compliance with certain laws.

Table of Contents

In addition, the affirmative covenants include a vitality commitment, which requires us to use our commercially reasonable best efforts, subject to certain considerations and exceptions, to ensure that the volume of manufacturing conducted in the United States is at least 90% of the level contemplated in our business plan provided to the UST in July 2009. The vitality commitment is in effect until the later of December 31, 2014 or the date the UST Loans are repaid in full. In addition, certain covenants such as periodic confirmation of compliance with certain expense policies, executive privileges and compensation requirements are in effect until the UST ceases to own direct or indirect equity interests in us and the UST Loans are paid in full.

The negative covenants in the UST Credit Agreement and the VEBA Note Agreement restrict us with respect to, among other things, fundamental changes, liens, restricted payments and restrictions on subsidiary distributions, amendments or waivers of certain documents, negative pledge clauses, use of proceeds from sales of assets and indebtedness.

The UST Credit Agreement and the VEBA Note Agreement contain restrictions on our ability to incur additional indebtedness, including indebtedness secured by a first-priority lien on certain of our assets. The following table summarizes the restrictions to incur additional indebtedness (with certain exceptions):

- Secured indebtedness entered into after July 10, 2009 is limited to $6.0 billion provided that the aggregate amount of commitments under any secured revolving credit facilities shall not exceed $4.0 billion. Secured indebtedness exceeding these amounts is subject to an incurrence test under which total debt divided by 12 month trailing EBITDA cannot exceed 3:1 and also triggers repayments of 50% of the amount borrowed;

- Unsecured indebtedness entered into after July 10, 2009 is limited to $1.0 billion and triggers repayments of 50% of the amount borrowed. Unsecured indebtedness in excess of $1.0 billion is subject to the incurrence test previously described; and

- The aggregate principal amount of capital lease obligations and purchase money indebtedness shall not exceed $2.0 billion.

At December 31, 2009 we were significantly below all restrictions previously described.

In addition if such indebtedness is to be secured by a first-priority lien on certain of our assets, the obligations under the UST Credit Agreement and the VEBA Note Agreement will be restructured to be secured by a second-priority lien on any such assets.

The UST Credit Agreement and the VEBA Note Agreement also contain various events of default (including cross-default provisions) that entitle the UST or the New VEBA to accelerate the repayment of the UST Loans and the VEBA Notes upon the occurrence and continuation of an event of default. In addition, upon the occurrence and continuation of any event of default, interest under the UST Credit Agreement accrues at a rate per annum equal to 2.0% plus the interest rate otherwise applicable to the UST Loans and the implied interest rate on the VEBA Notes increases to a rate equal to 11.0% per annum, compounded annually. The events of default relate to, among other things:

- Our failure to pay principal or interest on the UST Loans or to make payments on the VEBA Notes;

- Certain of our domestic subsidiaries' failure to pay on their guarantees;

- The failure to pay other amounts due under the loan documents or the secured note documents;

- The failure to perform the covenants in the loan documents or the secured note documents;

- The representations and warranties in the UST Credit Agreement or the VEBA Note Agreement being false or misleading in any material respect;

- Undischarged judgments in excess of $100 million;

Table of Contents

- Certain bankruptcy events;
- The termination of any loan documents or secured note documents;
- The invalidity of security interests in our assets;
- Certain prohibited transactions under the Employee Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control without the permission of the UST;
- A default under the Canadian Loan Agreement other than the vitality commitment; and
- A default under other indebtedness if the default, including a default of the vitality commitment under the Canadian Loan Agreement, results in the holder accelerating the maturity of indebtedness in excess of $100 million in the aggregate.

The following table summarizes interest expense and interest paid on the UST Loans (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Interest expense	$ 226
Interest paid	$ 137

Canadian Loan Agreement

On July 10, 2009 we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. The Canadian Loan accrues interest at the greater of the three-month Canadian Dealer Offered Rate or 2.0%, plus 5.0% per annum. Accrued interest is payable quarterly. At December 31, 2009 the Canadian Loan accrued interest at 7.0%.

As discussed previously, we signed an amendment to the Canadian Loan Agreement and in December 2009 we made a payment on the Canadian Loan of $192 million.

GMCL may voluntarily repay the Canadian Loan in whole or in part at any time. Once repaid, GMCL cannot reborrow under the Canadian Loan Agreement. We and 1908 Holdings Ltd., Parkwood Holdings Ltd., and GM Overseas Funding LLC, each of which is a Subsidiary Guarantor of GMCL, have guaranteed the Canadian Loan. Our guarantee of GMCL's obligations under the Canadian Loan Agreement is secured by a lien on the equity of GMCL. Because 65% of our ownership interest in GMCL was previously pledged to secure the obligations under the UST Credit Agreement and the VEBA Note Agreement, EDC received a first priority lien on 35% of our equity interest in GMCL and a second priority lien on the remaining 65%. With certain exceptions, GMCL's obligations under the Canadian Loan Agreement are secured by a first lien on substantially all of its and the Subsidiary Guarantors' assets, including GMCL's ownership interests in the Subsidiary Guarantors and a portion of GMCL's equity interests in General Motors Product Services Inc., a subsidiary of ours.

The Canadian Loan Agreement contains various representations and warranties GMCL and the Subsidiary Guarantors made on the effective date. The Canadian Loan Agreement also contains various affirmative covenants requiring GMCL and the Subsidiary Guarantors to take certain actions and negative covenants restricting the ability of GMCL and the Subsidiary Guarantors to take certain actions. The affirmative covenants impose obligations on GMCL and the Subsidiary Guarantors with respect to, among other things, financial and other reporting to EDC, reporting on and preservation of the collateral pledged in connection with the Canadian Loan Agreement, executive privileges and compensation, restrictions on expenses and compliance with applicable laws. In addition,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMCL has committed, among other things, to meet certain capital and research and development investment levels, and to produce a certain percentage (based on North American and/or total United States and Canada production levels) of vehicles and vehicle components in Canada until the later of the date that the amounts outstanding under the Canadian Loan Agreement are paid in full or December 31, 2016.

The negative covenants and various events of default in the Canadian Loan Agreement are substantially similar to the negative covenants under the UST Credit Agreement and the VEBA Note Agreement, as applicable to GMCL and the Subsidiary Guarantors, and also require GMCL to maintain certain minimum levels of unrestricted cash and cash equivalents and address specific requirements with respect to pension and compensation matters.

The following table summarizes interest expense and interest paid on the Canadian Loan (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Interest expense	$ 46
Interest paid	$ 46

German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. On November 24, 2009 the debt was paid in full and extinguished.

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Interest expense (a)	$ 32
Interest paid	$ 37

(a) Old GM recorded interest expense of $5 million in the period January 1, 2009 through July 9, 2009.

Other Long-Term Debt

Other long-term debt of $3.5 billion (net of a $1.6 billion discount) at December 31, 2009 is comprised of unsecured debt of $1.2 billion, secured debt of $1.6 billion, and capital leases of $693 million. The weighted average coupon rate of other long-term debt was 5.8% at December 31, 2009.

In connection with the purchase of the noncontrolling interest in CAMI, we recorded a loss on extinguishment of debt of $101 million related to the repayment of secured long-term debt of $400 million in the period July 10, 2009 through December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-Term Debt Maturities

The following table summarizes long-term debt maturities including capital leases at December 31, 2009 (dollars in millions):

	Debt Maturities
2010	$ 750
2011	$ 445
2012	$ 645
2013	$ 737
2014	$ 125
Thereafter	$ 5,320

At December 31, 2009 future interest payments on capital lease obligations was $687 million.

Receivables Program

The Receivables Program was developed in March 2009 to provide liquidity and access to credit to automotive suppliers by guaranteeing or purchasing certain receivables we owe or Old GM owed. Amounts borrowed from the UST and used to pay suppliers are recorded in Short-term debt with a corresponding decrease in Accounts payable or Accrued expenses. We are and Old GM was responsible for paying interest on any loans the UST provided at an annual rate of LIBOR plus 3.5%, with a minimum of 5.5%, and for paying administrative fees of 25 basis points per annum of the average daily program balance to a third party administrator. A termination fee of 4.0% of the outstanding commitment is due to the UST upon expiration or termination of the Receivables Program. We will share any residual capital in the program equally with the UST. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program.

The following table summarizes interest expense related to the Receivables Program, including amortization of related discounts (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009	Predecessor January 1, 2009 Through July 9, 2009
Amortization of loan discount related to termination fee	$ 3	$ 21
Interest expense	12	1
Total interest expense	$ 15	$ 22

Technical Defaults and Covenant Violations

Several of our loan facilities include clauses that may be breached by a change in control, a bankruptcy or failure to maintain certain financial metric limits. The Chapter 11 proceedings and the change in control as a result of the 363 Sale triggered technical defaults in certain loans for which we have assumed the obligation. A potential breach in another loan was addressed before default with a waiver we obtained from the lender subject to renegotiation of the terms of the facility. We successfully concluded the renegotiation of these terms in September 2009. In October 2009 we repaid one of the loans in the amount of $17 million as a remedy to the default. The total amount of the two remaining loan facilities in technical default for these reasons at December 31, 2009 was $206 million. We continue to negotiate with the lenders to obtain waivers or reach settlements to cure these defaults. We have classified these loans as short-term debt at December 31, 2009.

Two of our loan facilities had financial covenant violations at December 31, 2009 related to exceeding financial ratios limiting the amount of debt held by the subsidiaries. One of these violations was cured within the 30 day cure period through the combination of an equity injection and the capitalization of intercompany loans. The $72 million related to our powertrain subsidiary in Italy remains in default and we continue negotiations with its lenders to cure the default.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Covenants in our UST Credit Agreement, VEBA Note Agreement, Canadian Loan Agreement and other agreements require us to provide our consolidated financial statements by March 31, 2010. We received waivers of this requirement for the agreements with the UST, New VEBA and EDC. We also provided notice to and requested waivers related to three lease facilities. The filing of our 2009 10-K and our Quarterly Report on Form 10-Q for the period ended September 30, 2009 within the automatic 90 day cure period will satisfy the requirements under these lease facility agreements.

Old GM

United States Department of the Treasury Loan Facility

On December 31, 2008 Old GM entered into the UST Loan Agreement pursuant to which the UST agreed to provide Old GM with the UST Loan Facility and as a result received total proceeds of $19.4 billion ($15.4 billion in the period January 1, 2009 through July 9, 2009). In addition Old GM issued a promissory note to the UST in the amount of $749 million (UST Additional Note) for no additional consideration.

In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility.

In connection with the 363 Sale, amounts borrowed under the UST Loan Agreement and the DIP Facility, excluding the UST Loans of $7.1 billion that we assumed, were converted into our equity. The UST Additional Note was also converted into our equity.

The following table summarizes interest expense and interest paid on the UST Loan Facility and the DIP Facility, including amortization of related discounts (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest expense	$ 4,006	$ —
Interest paid	$ 144	$ —

Refer to Note 2 for additional information on the Chapter 11 Proceedings and the 363 Sale.

Export Development Canada Loan Facility

In April 2009 Old GM entered into the EDC Loan Facility pursuant to which Old GM received total proceeds of $2.4 billion in the period January 1, 2009 through July 9, 2009. In the period January 1, 2009 through July 9, 2009 Old GM also issued promissory notes to the EDC in the amount of $161 million for no additional consideration. In connection with the Chapter 11 Proceedings and the 363 Sale, amounts borrowed under these agreements were converted into our equity.

The following table summarizes interest expense and interest paid on amounts borrowed under these agreements, including amortization of related discounts (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest expense	$ 173
Interest paid	$ 6

Refer to Note 2 for additional information on the Chapter 11 Proceedings and the 363 Sale.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

German Revolving Bridge Facility

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Interest expense	$ 5
Interest paid	$ —

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In connection with the preparation of Old GM's consolidated financial statements for the year ended 2008, Old GM concluded there was substantial doubt about its ability to continue as a going concern and its independent auditors included a statement in their audit report related to the existence of substantial doubt about its ability to continue as a going concern. Because Old GM's auditors included such a statement in their audit report, Old GM would have been in violation of the debt covenants for the $4.5 billion secured revolving credit facility, the $1.5 billion U.S. term loan and the $125 million secured credit facility and Old GM therefore secured amendments and waivers related to those obligations as subsequently discussed.

In February 2009 Old GM entered into an agreement to amend its $4.5 billion secured revolving credit facility. The amendment included a waiver of the going concern covenant in the year ended 2008, revised borrowing and default interest rates, and cross-default provisions to the UST Loan Facility. Old GM accounted for the amendment as a debt modification and therefore capitalized the additional fees paid to acquire the amendment. The additional fees were amortized through the date of extinguishment.

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. The amendment included a waiver of the going concern covenant in the year ended 2008, revised borrowing and default rates, and cross-default provisions to the UST Loan Facility. Because the terms of the amended U.S. term loan were substantially different than the original terms, primarily due to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the three months ended March 31, 2009.

In February 2009 Old GM entered into an agreement to amend its $125 million secured credit facility. The amendment included a waiver of the going concern covenant in the year ended 2008, revised borrowing and default rates, cross-default provisions to the UST Loan Facility, and an extension of the maturity date to November 2010. As a result of the terms of the amendment, Old GM accounted for the amendment as a troubled debt restructuring and therefore amortized the outstanding debt balance using the revised effective interest rate calculated in accordance with the new loan terms through the date of extinguishment.

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt primarily due to the face value of the U.S. term loan exceeding the carrying amount.

Lease Asset Securitization

Old GM held bankruptcy-remote SPEs that are parties to lease asset securitizations. The secured debt of $1.2 billion at December 31, 2008 was primarily comprised of the asset-backed debt securities issued by these SPEs. Amounts are included in the current portion of long-term debt.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Contingent Convertible Debt

The following table summarizes Old GM's unsecured contingent convertible debt (dollars in millions, except conversion price):

	Due	Conversion Price	Outstanding Amount December 31, 2008
4.50% Series A debentures	2032	$ 70.20	$ 39
5.25% Series B debentures	2032	$ 64.90	2,384
6.25% Series C debentures	2033	$ 47.62	3,940
1.50% Series D debentures	2009	$ 40.11	976
			$ 7,339

Old GM had unilaterally and irrevocably waived and relinquished the right to use common stock, and had committed to use cash to settle the principal amount of the debentures if: (1) holders chose to convert the debentures; or (2) Old GM was required by holders to repurchase the debentures. Old GM retained the right to use either cash or its common stock to settle any amount that may become due to debt holders in excess of the principal amount. In connection with the 363 Sale, MLC retained the contingent convertible debt.

At December 31, 2008 the number of shares on which the aggregate consideration to be delivered upon conversion would have been determined for the Series A, Series B, Series C and Series D debentures was 1 million, 40 million, 90 million and 25 million.

In connection with the issuance of the Series D debentures, Old GM purchased a capped call option for the Series D debentures in a private transaction, pursuant to which Old GM had the right to purchase 5 million of Old GM's shares from a third party. Exercise of the capped call option was expected to reduce the potential dilution with respect to Old GM's common stock upon conversion of the Series D debentures to the extent that the market value per share of Old GM's common stock did not exceed a specified cap, resulting in an effective conversion price of $45.71 per share. In connection with the 363 Sale, MLC retained both the Series D debentures which matured on June 1, 2009 and the capped call option.

In September 2008 Old GM entered into agreements with a qualified institutional holder of the Series D debentures. Pursuant to these agreements, Old GM issued an aggregate of 44 million shares of common stock in exchange for $498 million principal amount of the Series D debentures. In accordance with the agreements, the amount of common stock exchanged for the Series D debentures was based on the daily volume weighted-average price of Old GM's common stock on the New York Stock Exchange in the contractual three and four day pricing periods. Old GM entered into the agreements, in part, to reduce Old GM's debt and interest costs, increase Old GM's equity, and thereby, improve Old GM's liquidity. Old GM did not receive any cash proceeds from the exchange of the common stock for the Series D debentures, which were retired and cancelled. As a result of this exchange, Old GM recorded a settlement gain of $43 million.

Old GM adopted the provisions of ASC 470-20 in January 2009, with retrospective application to prior periods. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. Refer to Note 3 for additional information on the adoption of ASC 470-20.

At December 31, 2008 the net carrying amount of the conversion feature for all contingent convertible debt outstanding recorded in Capital surplus was $734 million. At December 31, 2008 the principal amount of each note exceeded the if-converted value.

The following table summarizes the components of contingent convertible debt outstanding (dollars in millions):

	Predecessor December 31, 2008
Principal	$ 7,941
Unamortized discounts (a)	(602)
Outstanding balance	$ 7,339

(a) Discounts being amortized through the maturity dates or the initial put dates of the related debt, ranging from 2009 to 2018.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of Interest expense related to contingent convertible debt (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Interest accrued or paid (a)	$ 176	$ 427	$ 429
Amortization of discounts	51	136	107
Interest expense	$ 227	$ 563	$ 536

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

U.S. Dollar Denominated Bonds

U.S. dollar denominated bonds represented obligations having various annual coupons ranging from 6.75% to 9.45% and maturities ranging from 2011 to 2052. These bonds were unsecured. In connection with the 363 Sale, MLC retained the U.S. dollar denominated bonds.

Foreign Currency Denominated Bonds

Foreign currency denominated bonds were unsecured and included bonds denominated in Euros with annual coupons ranging from 7.25% to 8.375% and maturity dates ranging from 2013 to 2033. Also included within foreign currency denominated bonds were bonds denominated in British Pounds with annual coupons ranging from 8.375% to 8.875% and maturity dates ranging from 2015 to 2023. To mitigate the foreign currency exchange exposure created by these bonds, Old GM entered into cross currency swaps. The notional value of these swaps was $2.3 billion at December 31, 2008. In connection with the 363 Sale, MLC retained the foreign currency denominated bonds.

Other Long-Term Debt

Other long-term debt of $9.7 billion at December 31, 2008 was comprised of revolving credit agreements, a U.S. term loan, capital leases, municipal bonds, and other long-term obligations. In connection with the 363 Sale, we assumed certain capital lease obligations, municipal bonds, and other long-term obligations. MLC retained the remainder of the debt not assumed by us. Refer to Note 2 for additional information on other long-term debt we assumed in connection with the 363 Sale.

Revolving Credit Agreements

In August 2007 Old GM entered into a revolving credit agreement that provided for borrowings of up to $1.0 billion. The facility expired in June 2009. Borrowings under this facility bore interest based on either the commercial paper rate or LIBOR. The borrowings were to be used for general corporate purposes, including working capital needs. Under the facility, borrowings were limited to an amount based on the value of underlying collateral, which was comprised of residual interests in trusts that own leased vehicles and issued asset-backed securities collateralized by the vehicles and the associated leases. The underlying collateral was held by bankruptcy-remote SPEs and pledged to a trustee for the benefit of the lender. The underlying collateral supported a borrowing base of $323 million at December 31, 2008. Old GM consolidated the bankruptcy-remote SPEs and trusts. At December 31, 2008 $310 million was outstanding under this agreement, leaving $13 million available.

Old GM had a $4.5 billion standby revolving credit facility with a syndicate of banks, which was paid in full on June 30, 2009. At December 31, 2008 $4.5 billion was outstanding under this credit facility, with availability of $5 million. In addition to the outstanding amount at December 31, 2008 there were $10 million of letters of credit issued under the credit facility. Borrowings were

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

limited to an amount based on the value of the underlying collateral, which was comprised of certain North American accounts receivable; certain inventory of Old GM, Saturn Corporation, and GMCL; certain facilities; property and equipment of GMCL; and a pledge of 65% of the stock of the holding company for Old GM's indirect subsidiary GM de Mexico. The carrying amount of these assets was $5.6 billion at December 31, 2008. The collateral also secured $155 million of certain lines of credit, automatic clearinghouse and overdraft arrangements and letters of credit provided by the same secured lenders. At December 31, 2008 in addition to the $10 million letters of credit issued under the revolving credit facility, $81 million was utilized to secure other facilities.

Interest Rate Risk Management

To achieve the desired balance between fixed and variable rate debt, Old GM entered into interest rate swaps. The notional amount of pay variable swap agreements at December 31, 2008 was $4.5 billion.

Additionally, Old GM entered into interest rate swaps and cap agreements at bankruptcy-remote subsidiaries. The notional amount of such agreements at December 31, 2008 was $469 million pay floating and the fixed interest rates ranged from 4.5% to 5.7%.

At December 31, 2008 long-term debt included obligations of $24.7 billion with fixed interest rates and obligations of $4.9 billion with variable interest rates (primarily LIBOR), after interest rate swap agreements.

Other

Contractual interest expense not accrued or recorded on pre-petition debt totaled $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Old GM had other financing arrangements consisting principally of obligations in connection with sale-leaseback transactions, derivative contracts and other lease obligations (including off-balance sheet arrangements). In view of the 2006 restatement of Old GM's prior financial statements, Old GM evaluated the effect of the restatement under these agreements, including its legal rights (such as its ability to cure) with respect to any claims that could be asserted. Based on Old GM's review, it was believed that amounts subject to possible claims of acceleration, termination or other remedies were not likely to exceed $3.6 billion (primarily comprised of off-balance sheet arrangements and derivative contracts) although no assurances can be given as to the likelihood, nature or amount of any claims that may be asserted. Based on this review, Old GM reclassified $187 million of these obligations from long-term debt to short-term debt at December 31, 2008.

Note 19. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trades hourly employees hired after October 15, 2007 participate in a defined benefit cash balance plan. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and salaried employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007 and it is based on an "excess plan" for service after that date. Refer to the subsequent section "Significant Plan Amendments, Benefit Modifications and Related Events" concerning changes to defined benefit pension plans for certain U.S. and Canadian hourly and salaried employees.

Table of Contents

Defined Contribution Plans

The Savings-Stock Purchase Plan (S-SPP) is a defined contribution retirement savings plan for eligible U.S. salaried employees. The S-SPP provides discretionary matching contributions up to certain predefined limits based upon eligible base salary. The matching contribution for the S-SPP was suspended by Old GM in November 2008 and reinstated by us in October 2009. A benefit contribution equal to 1.0% of eligible base salary for U.S. salaried employees with a service commencement date in or after January 1993 was discontinued effective in January 2010. A retirement contribution to the S-SPP equal to 4.0% of eligible base salary is provided for eligible U.S. salaried employees with a service commencement date in or after January 2001. Contributions are also made to certain non-U.S. defined contribution plans. There is also an unfunded nonqualified defined contribution savings plan covering certain U.S. executives that is based on contributions in excess of qualified plan limits.

U. S. hourly employees hired on or after October 15, 2007 are not eligible for postretirement health care. Such employees receive a $1.00 per compensated hour contribution into their personal saving plan account. The contributions are not significant.

The following table summarizes significant contributions to defined contribution plans (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
S-SPP	$ 39	$ 12	$ 128	$ 82
Non-U.S. defined contribution plans	61	58	169	153
Total contributions	$ 100	$ 70	$ 297	$ 235

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Refer to the subsequent section "Significant Plan Amendments, Benefit Modifications and Related Events" concerning changes to postretirement benefit plans for certain U.S. and Canadian hourly and salaried employees. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Significant Plan Amendments, Benefit Modifications and Related Events

2009

The following tables summarize the significant 2009 defined benefit plan interim remeasurements, the related changes in accumulated postretirement benefit obligations (APBO), projected benefit obligations (PBO) and the associated curtailments, settlements and termination benefits recorded in our earnings in the period July 10, 2009 through December 31, 2009 and the earnings of Old GM in the period January 1, 2009 through July 9, 2009, which are subsequently discussed (dollars in millions):

Successor							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date(c)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs (a)	U.S. hourly defined benefit pension plan	—	—	$ 58	$ —	$ —	$ (58)
Global salaried workforce reductions (a)	U.S. salaried defined benefit pension plan	—	—	175	—	—	(175)
2009 Revised UAW Settlement Agreement — December 31	UAW hourly retiree medical plan	—	—	(22,236)	—	(2,571)	—
IUE-CWA and USW Settlement Agreement — November 1 (b)	U.S. hourly defined benefit pension plan	5.58%	5.26%	1,897	—	—	—
	Non-UAW hourly retiree health care plan	6.21%	5.00%	360	—	—	—
	U.S. hourly life plan	5.41%	5.56%	53	—	—	—
Delphi Benefit Guarantee Agreements — August 1 (b)	U.S. hourly defined benefit pension plan	5.83%	5.58%	2,548	—	—	—
Total				$ (17,145)	$ —	$ (2,571)	$ (233)

(a) Reflects the effect on PBO. There was no remeasurement.

(b) Includes reclassification of contingent liability to benefit plan obligation.

(c) The increase/decrease includes the effect of the event, the gain or loss from remeasurement, net periodic benefit cost and benefit payments.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Predecessor							
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs — June 30	U.S. hourly defined benefit pension plan	6.15%	6.25%	$ 7	$ (1,390)	$ —	$ (12)
Global salaried workforce reductions — June 1	U.S. salaried defined benefit pension plan	6.50%	6.50%	24	(327)	—	—
Global salaried workforce reductions — March 1	Canadian salaried defined benefit pension plan	6.75%	6.25%	15	(20)	—	—
U.S. salaried benefits changes — February 1	U.S. salaried retiree life insurance plan	7.25%	7.15%	(420)	—	—	—
U.S. salaried benefits changes — June 1	U.S. salaried retiree health care program	6.80%	6.80%	(265)	—	—	—
2009 CAW Agreement — June 1	Canadian hourly defined benefit pension plan	6.75%	5.65%	340	—	—	(26)
2009 CAW Agreement — June 1	CAW hourly retiree healthcare plan and CAW retiree life plan	7.00%	5.80%	(143)	93	—	—
Total				$ (442)	$ (1,644)	$ —	$ (38)

2009 Special Attrition Programs

In February and June 2009 Old GM announced the 2009 Special Attrition Programs for eligible UAW-represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment. In the period January 1, 2009 through July 9, 2009 Old GM recorded postemployment benefit charges for 13,000 employees. Refer to Note 24 for additional information on the postemployment benefit charges.

Old GM remeasured the U.S. hourly defined benefit pension plan in June 2009 based on the 7,800 irrevocable acceptances through that date as these acceptances to the 2009 Special Attrition Programs yielded a significant reduction in the expected future years of service of active participants. An additional 180 employees accepted the terms of the 2009 Special Attrition Programs in the period July 1, 2009 through July 9, 2009.

In the period July 10, 2009 through December 31, 2009 5,000 employees accepted the terms of the 2009 Special Attrition Programs. We recorded special termination benefit charges for 1,000 of those employees based upon their elections. Plan remeasurement was not required because the July 10, 2009 plan assumptions included the effects of special attrition programs.

Global Salaried Workforce Reductions

In February and June 2009 Old GM announced its intention to reduce global salaried headcount. In March 2009 Old GM remeasured the Canadian salaried defined benefit pension plan as part of this initiative based upon an estimated significant reduction in the expected future years of service of active participants. In June 2009 Old GM remeasured the U.S. salaried defined benefit pension plan based upon an estimated significant reduction in the expected future years of service of active participants.

The U.S. salaried employee reductions related to this initiative were to be accomplished primarily through the 2009 Salaried Window Program or through a severance program funded from operating cash flows. These programs were involuntary programs

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

subject to management approval where employees were permitted to express interest in retirement or separation, for which the charges for the 2009 Salaried Window Program were recorded as special termination benefits funded from the U.S. salaried defined benefit pension plan and other applicable retirement benefit plans. The cost associated with the total targeted headcount reductions expected under the programs was determined to be probable and estimable and severance charges of $250 million were recorded in the period January 1, 2009 through July 9, 2009. Refer to Note 24 for additional information on the severance accrual.

In the period July 10, 2009 through December 31, 2009 1,500 salaried employees irrevocably accepted the terms of the 2009 Salaried Window Program. We reduced the severance accrual previously recorded by Old GM by $64 million and recorded special termination benefits.

A net reduction of 9,000 salaried employees was achieved globally, excluding 2,000 salaried employees acquired with our acquisition of Nexteer and four domestic facilities. Global salaried headcount decreased from 73,000 salaried employees at December 31, 2008 to 66,000 at December 31, 2009, including a reduction of 5,500 U.S. salaried employees. Refer to Note 5 for additional information on the acquisition of Nexteer and four domestic facilities.

U.S. Salaried Benefits Changes

In February 2009 Old GM reduced salaried retiree life benefits for U.S. salaried employees and remeasured its U.S. salaried retiree life insurance plan. In June 2009 Old GM approved and communicated negative plan amendments associated with the U.S. salaried retiree health care program including reduced coverage and increases to cost sharing. The plan was remeasured in June 2009.

In June 2009 Old GM communicated additional changes in benefits for retired salaried employees including an acceleration and further reduction in retiree life insurance, elimination of the supplemental executive life insurance benefit, and reduction in the supplemental executive retirement plan. These plan changes were contingent on completion of the 363 Sale and the effects of these amendments were included in the fresh start remeasurements.

2009 Revised UAW Settlement Agreement

In May 2009 Old GM and the UAW agreed to a 2009 Revised UAW Settlement Agreement that related to the UAW hourly retiree medical plan and the 2008 UAW Settlement Agreement, as subsequently discussed, that permanently shifted responsibility for providing retiree health care from Old GM to the New Plan funded by the New VEBA. The 2009 Revised UAW Settlement Agreement was subject to the successful completion of the 363 Sale and we and the UAW executed the 2009 Revised UAW Settlement Agreement on July 10, 2009 in connection with the 363 Sale. Details of the most significant changes to the agreement are:

- The Implementation Date changed from January 1, 2010 to the later of December 31, 2009 or the emergence from bankruptcy, which occurred on July 10, 2009;
- The timing of payments to the New VEBA changed as subsequently discussed;
- The form of consideration changed as subsequently discussed;
- The contribution of employer securities changed such that they were contributed directly to the New VEBA in connection with the 363 Sale on July 10, 2009;
- Certain coverages will be eliminated and certain cost sharing provisions will increase; and
- The flat monthly special lifetime pension benefit that was scheduled to commence on January 1, 2010 was eliminated.

There was no change to the timing of our existing internal Voluntary Employee Benefit Association (VEBA) asset transfer to the New VEBA in that the internal VEBA asset transfer occurred within 10 business days after December 31, 2009 in accordance with the terms of both the 2008 UAW Settlement Agreement and the 2009 Revised UAW Settlement Agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The new payment terms to the New VEBA under the 2009 Revised UAW Settlement Agreement are:

- VEBA Notes of $2.5 billion and accrued interest, at an implied interest rate of 9.0% per annum, are scheduled to be repaid in three equal installments of $1.4 billion in July of 2013, 2015 and 2017;
- 260 million shares of our Series A Preferred Stock that accrues cumulative dividends at 9.0% per annum;
- 88 million shares (17.5%) of our common stock;
- A warrant to acquire 15 million shares (2.5%) of our common stock at $126.92 per share at any time prior to December 31, 2015;
- Two years funding of claims costs for certain individuals that elected to participate in the 2009 Special Attrition Programs; and
- The existing internal VEBA assets.

The modifications to the UAW Settlement Agreement and the new payment terms resulted in a reorganization gain of $7.7 billion. Refer to Note 2 for additional information on the reorganization gain.

Under the terms of the 2009 Revised UAW Settlement Agreement, we are released from UAW retiree health care claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 Revised UAW Settlement Agreement.

From July 10, 2009 to December 31, 2009 we recorded net periodic postretirement healthcare cost, including service cost for UAW hourly retiree medical plan participants working toward eligibility. After December 31, 2009 no service cost will be recorded for active UAW participants who continue to work toward eligibility in the New Plan.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan, under which we agreed that an independent VEBA would be formed to pay certain healthcare costs of UAW hourly retirees and their beneficiaries, as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued OPEB liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred at December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 Revised UAW Settlement Agreement. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA), and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). Under the settlement agreement, the IUE-CWA and the USW agreed to withdraw and release all claims against us and MLC relating to retiree healthcare benefits and basic life insurance benefits. In exchange, the IUE-CWA, the USW and any additional union that agrees to the terms of the settlement

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

agreement will be granted an allowed pre-petition unsecured claim in MLC's Chapter 11 proceedings in the amount of $1.0 billion with respect to retiree health and life insurance benefits for the post-age-65 retirees, post-age-65 surviving spouses and under-age-65 medicare eligible retirees or surviving spouses disqualified for retiree health care benefits from us under the settlement agreement. For participants remaining eligible for health care, certain coverages were eliminated and cost sharing will increase. These modifications became effective upon completion of the 363 Sale and resulted in a reorganization gain of $2.7 billion. Refer to Note 2 for additional information on the reorganization gain.

The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. We remeasured the U.S. hourly defined benefit pension plan, non-UAW hourly retiree health care plan and the U.S. hourly life plan in November 2009 to reflect the terms and acceptances of the IUE-CWA and USW Settlement Agreement. The remeasurement of these plans resulted in a decrease in our related accrual and an offsetting increase in the PBO or APBO of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified the 2009 CAW Agreement intended to reduce manufacturing costs in Canada by closing the competitive gap with transplant automakers in the United States on active employee labor costs and reducing legacy costs through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments.

GMCL subsequently entered into additional negotiations with the CAW which resulted in a further addendum to the 2008 collective agreement which was ratified by the CAW members in May 2009. In June 2009 the Ontario and Canadian governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

As a result of the termination of the employees from the former Oshawa, Ontario truck facility, the CAW hourly retiree healthcare plan and the CAW retiree life plan were remeasured in June 2009 and a curtailment gain associated with the CAW hourly retiree healthcare plan was also recorded in the three months ended June 30, 2009.

In June 2009 GMCL and the CAW agreed to the terms of an independent HCT to provide retiree health care benefits to certain active and retired employees represented by the CAW. The HCT will be implemented when certain preconditions are achieved, including certain changes to the Canadian Income Tax Act. The preconditions have not been achieved and the HCT is not yet implemented at December 31, 2009. Under the terms of the HCT agreement, GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period December 31, 2009 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree health care benefits to current employees and retired plan participants, and we will account for the termination of our CAW hourly retiree healthcare plan as a settlement, based upon the difference between the fair value of the notes and cash contributed and the health care plan obligation at the settlement date.

Delphi

In July 2009 we and Delphi entered into an agreement with the PBGC regarding the settlement of the PBGC's claims from the termination of the Delphi pension plans. As part of that agreement, we maintained the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Guarantee Agreements. We had a legal obligation to provide this benefit to eligible UAW plan participants at July 10, 2009. We remeasured the U.S. hourly defined benefit pension plan in August 2009 for eligible UAW plan participants, which coincided with Delphi's transfer of its pension plan obligations to the PBGC. We did not agree to provide this benefit to eligible Delphi IUE-CWA and USW retirees until the IUE-CWA and USW Settlement Agreement was approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009; however a contingent liability had been recorded. We remeasured the U.S. hourly defined benefit pension plan in November 2009 for eligible IUE-CWA and USW plan participants that coincided with the approval of the IUE-CWA and USW Settlement Agreement by the Bankruptcy Court. The remeasurements of the U.S. hourly defined benefit pension plan resulted in a $1.4 billion increase in the plan PBO to the U.S. hourly defined benefit pension plan and an offsetting decrease principally related to our Delphi related accrual. Refer to Note 21 for additional information on the Delphi Benefit Guarantee Agreements.

2008

The following table summarizes Old GM's significant 2008 defined benefit plan interim remeasurements, the related changes in obligations and the associated curtailments, settlements and termination benefits, as applicable, recorded in earnings in the year ended 2008, which are subsequently discussed:

		Predecessor					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2008 UAW Settlement Agreement — September 1	UAW hourly retiree medical plan	—	—	$ (13,135)	$ 6,326	$ —	$ —
	Mitigation Plan	—	—	(137)	(1,424)	—	—
	U.S. hourly defined benefit pension plan	6.45%	6.70%	563	—	—	—
2008 Special Attrition Programs — May 31	U.S. hourly defined benefit pension plan	6.30%	6.45%	842	(2,441)	—	(800)
	Various OPEB plans	—	—	—	104	—	(68)
2008 CAW Agreement and facility idlings — May 31	Canadian hourly and salaried defined benefit pension plans	5.75%	6.00%	262	(177)	—	(37)
Salaried retiree benefit plan changes — July 1	U.S. salaried retiree medical plan	6.40%	6.75%	(3,993)	—	(1,706)	—
	U.S. salaried defined benefit pension plan	6.45%	6.60%	3,159	—	—	—
Delphi-GM Settlement Agreement — September 30	Various U.S. hourly retiree medical plans	6.40%	6.85%	1,236	—	—	—
	U.S. hourly defined benefit pension plan	6.70%	7.10%	1,070	—	—	—
Total				$ (10,133)	$ 2,388	$ (1,706)	$ (905)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition to the events listed previously, a number of events related to benefit plans occurred that did not result in interim remeasurements including:

- IUE-CWA agreements related to the closure of the Moraine, Ohio facility resulted in increased cost of $255 million for pension benefit enhancements and a $257 million curtailment gain as a result of accelerating substantially all of the IUE-CWA retiree healthcare plan's negative prior service cost.

- Salaried workforce reduction resulted in special termination benefit charges of $311 million as a result of 3,700 employees accepting the 2008 Salaried Window Program, which was a voluntary early retirement program extended to certain U.S. salaried employees.

2008 UAW Settlement Agreement

In February 2008 Old GM entered into the 2008 UAW Settlement Agreement which provided that responsibility for providing retiree healthcare would permanently shift from Old GM to the New Plan funded by the New VEBA as of the Implementation Date. The 2008 UAW Settlement Agreement became effective in September 2008 with an implementation date of January 1, 2010. As a result of the 2008 UAW Settlement Agreement, Old GM's obligation to provide retiree healthcare coverage for UAW retirees and beneficiaries was to terminate at January 1, 2010. The obligation for retiree medical claims incurred on or after this date would be the responsibility of the New Plan and New VEBA. This agreement was revised in 2009 as discussed previously in the section "2009 Revised UAW Settlement Agreement."

The U.S. hourly defined benefit pension plan was amended as part of the 2008 UAW Settlement Agreement to reflect a flat monthly special lifetime benefit to be paid to plan participants commencing January 1, 2010 to help offset the retiree's increased costs of monthly contributions and other cost sharing increases required under the terms of the New VEBA. Effective with the 363 Sale, the additional pension flat monthly lifetime benefit was eliminated and was recorded as a component of the Reorganization gain, net upon our application of fresh-start reporting.

2008 Special Attrition Programs

In February 2008 Old GM entered into agreements with the UAW and the IUE-CWA regarding special attrition programs which were intended to further reduce the number of hourly employees. The 2008 UAW Special Attrition Program offered to 74,000 UAW-represented employees was comprised of wage and benefit packages for normal and early voluntary retirements or buyouts or pre-retirement leaves. In addition to their vested pension benefits, those employees who were retirement eligible received a lump sum payment that was funded from the U.S. hourly defined benefit pension plan, the amount of which depended upon their job classification. For those employees not retirement eligible, other buyout options were offered and funded from operating cashflow. The terms of the 2008 IUE-CWA Special Attrition Program, which was offered to 2,300 IUE-CWA represented employees, were similar to those offered under the 2008 UAW Special Attrition Program.

2008 CAW Agreement and Facility Idlings

In May 2008 Old GM entered into the 2008 CAW Agreement which resulted in increased pension benefits. Old GM subsequently announced its plan to cease production at the Oshawa, Ontario truck facility, which triggered a curtailment of Old GM's Canadian hourly and salaried defined benefit pension plans.

Prior to the 2008 CAW Agreement, Old GM amortized prior service cost related to its Canadian hourly defined benefit pension plan over the remaining service period for active employees, previously estimated to be 10 years. In conjunction with entering into the 2008 CAW Agreement, Old GM evaluated the 2008 CAW Agreement and the relationship with the CAW and determined that the contractual life of the labor agreements is a more appropriate reflection of the period of future economic benefit received from pension plan amendments negotiated as part of the collectively bargained agreement. This change accelerated the recognition of prior

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

service cost to three years, resulting in additional net periodic pension expense of $334 million recorded in Cost of sales in the year ended 2008 related to pension increases in Canada from prior collectively bargained agreements.

Salaried Retiree Benefit Plan Changes

In July 2008 Old GM amended its U.S. salaried retiree medical and defined benefit pension plans to eliminate healthcare coverage for U.S. salaried retirees over age 65, effective January 2009. Upon reaching age 65, affected retirees and surviving spouses were to receive a pension increase of $300 per month to partially offset the retiree's increased cost of Medicare and supplemental healthcare coverage. For participants who were under the age of 65, the future elimination of healthcare benefits upon turning age 65 and the increased pension benefits provided resulted in a negative plan amendment to the U.S. salaried retiree medical plan and a positive plan amendment to the U.S. salaried defined benefit pension plan, both of which will be amortized over seven years, which represents the average remaining years to full eligibility for U.S. salaried retiree medical plan participants.

Delphi-GM Settlement Agreements

Old GM and Delphi reached agreements in the three months ended September 30, 2008 with each of Delphi's unions regarding the plan to freeze the benefits related to the Delphi's hourly rate employee pension plan (Delphi HRP); the cessation by Delphi of OPEB for Delphi hourly union-represented employees and retirees; and transfers of certain assets and obligations from the Delphi HRP to Old GM's U.S. hourly defined benefit pension plan. As a result of assuming Delphi's OPEB obligation, Old GM reclassified liabilities of $2.8 billion from its Delphi related accrual to its U.S. OPEB obligation. Old GM remeasured certain of its OPEB plans in September 2008 to include Delphi hourly union-represented employees, the effects of other announced facility idlings in the U.S., as well as changes in certain actuarial assumptions.

The transfer of certain assets and obligations from the Delphi HRP to Old GM's U.S. hourly defined benefit pension plan resulted in a decrease in Old GM's Delphi related accrual and an offsetting increase in the PBO of $2.8 billion. Old GM remeasured its U.S. hourly defined benefit pension plan in September 2008 to include: (1) assets and liabilities of certain employees transferred in accordance with the Delphi Settlement Agreement; (2) its obligation under the Delphi Benefit Guarantee Agreement to provide up to seven years of credited service to covered employees; (3) the effects of other announced facility idlings in the U.S.; and (4) changes in certain actuarial assumptions including a discount rate increase.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits(a)	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
	July 10, 2009 Through December 31, 2009			
Change in benefit obligations				
Beginning benefit obligation	$ 98,012	$ 21,392	$ 27,639	$ 3,420
Service cost	216	157	62	17
Interest cost	2,578	602	886	94
Plan participants' contributions	—	4	172	—
Amendments	(13)	(9)	1	(89)
Actuarial (gains) losses	3,102	1,592	1,732	64
Benefits paid	(3,938)	(714)	(1,700)	(70)
Medicare Part D receipts	—	—	84	—
IUE-CWA & USW related liability transfer	—	—	514	—
Foreign currency translation adjustments	—	1,469	—	376
Delphi benefit guarantee and other	1,365	—	—	—
UAW retiree medical plan settlement	—	—	(25,822)	—
Curtailments, settlements, and other (b)	249	(119)	2,220	(15)
Ending benefit obligation	101,571	24,374	5,788	3,797
Change in plan assets				
Beginning fair value of plan assets	78,493	8,616	10,702	—
Actual return on plan assets	9,914	1,201	1,909	—
Employer contributions	31	4,287	1,528	70
Plan participants' contributions	—	4	172	—
Benefits paid	(3,938)	(714)	(1,700)	(70)
UAW hourly retiree medical plan asset settlement	—	—	(12,586)	—
Foreign currency translation adjustments	—	765	—	—
Other	—	(132)	6	—
Ending fair value of plan assets	84,500	14,027	31	—
Ending funded status	$ (17,071)	$ (10,347)	$ (5,757)	$ (3,797)
Amounts recorded in the consolidated balance sheet are comprised of:				
Noncurrent asset	$ —	$ 98	$ —	$ —
Current liability	(93)	(337)	(685)	(161)
Noncurrent liability	(16,978)	(10,108)	(5,072)	(3,636)
Net amount recorded	$ (17,071)	$ (10,347)	$ (5,757)	$ (3,797)
Amounts recorded in Accumulated other comprehensive Income (loss) are comprised of:				
Net actuarial loss (gain)	$ (3,803)	$ 833	$ 212	$ 65
Net prior service cost (credit)	(13)	(9)	(1)	(89)
Total recorded in Accumulated other comprehensive income (loss)	$ (3,816)	$ 824	$ 211	$ (24)

(a) Table does not include other non-U.S. employee benefit arrangements with a total PBO of $76 million at December 31, 2009.

(b) U.S. other benefits includes the $2.6 billion settlement loss resulting from the termination of the UAW hourly retiree medical plan and Mitigation Plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor							
	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits(a)		U.S. Plans Other Benefits		Non-U.S. Plans Other Benefits	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Change in benefit obligations								
Beginning benefit obligation	$ 98,135	$ 85,277	$ 19,995	$ 23,753	$ 39,960	$ 59,703	$ 2,930	$ 4,310
Service cost	243	527	155	410	69	241	12	32
Interest cost	3,077	5,493	596	1,269	1,615	3,519	102	225
Plan participants' contributions	—	—	8	29	169	401	—	—
Amendments	(8)	1,218	(584)	218	(705)	(1,108)	(482)	(185)
Actuarial (gains) losses	(260)	5,684	959	(965)	77	(18,918)	436	(443)
Benefits paid	(5,319)	(8,862)	(769)	(1,390)	(2,115)	(4,759)	(90)	(175)
Medicare Part D receipts	—	—	—	—	150	240	—	—
Foreign currency translation adjustments	—	—	856	(3,981)	—	—	159	(833)
Delphi obligation transfer	—	2,753	—	—	—	2,654	—	—
Curtailments, settlements, and other	1,559	6,045	(76)	652	8	(2,013)	(15)	(1)
Ending benefit obligation	97,427	98,135	21,140	19,995	39,228	39,960	3,052	2,930
Effect of application of fresh-start reporting	585	—	252	—	(11,589)	—	368	—
Ending benefit obligation including effect of application of fresh-start reporting	98,012	98,135	21,392	19,995	27,639	39,960	3,420	2,930
Change in plan assets								
Beginning fair value of plan assets	84,545	104,070	8,086	13,308	9,969	16,303	—	—
Actual return on plan assets	(203)	(11,350)	227	(2,863)	444	(4,978)	—	—
Employer contributions	57	90	529	977	1,947	3,002	90	175
Plan participants' contributions	—	—	8	29	169	401	—	—
Benefits paid	(5,319)	(8,862)	(769)	(1,390)	(2,115)	(4,759)	(90)	(175)
Foreign currency translation adjustments	—	—	516	(2,342)	—	—	—	—
Delphi plan asset transfer	—	572	—	—	—	—	—	—
Other	41	25	(197)	367	(10)	—	—	—
Ending fair value of plan assets	79,121	84,545	8,400	8,086	10,404	9,969	—	—
Effect of application of fresh-start reporting	(628)	—	216	—	298	—	—	—
Ending fair value of plan assets including effect of application of fresh-start reporting	78,493	84,545	8,616	8,086	10,702	9,969	—	—
Ending funded status	(18,306)	(13,590)	(12,740)	(11,909)	(28,824)	(29,991)	(3,052)	(2,930)
Effect of application of fresh-start reporting	(1,213)	—	(36)	—	11,887	—	(368)	—
Ending funded status including effect of application of fresh-start reporting	$ (19,519)	$ (13,590)	$ (12,776)	$ (11,909)	$ (16,937)	$ (29,991)	$ (3,420)	$ (2,930)
Amounts recorded in the consolidated balance sheet are comprised of:								
Noncurrent assets	$ —	$ —	$ 97	$ 109	$ —	$ —	$ —	$ —
Current liability	(74)	(108)	(339)	(322)	(1,809)	(3,848)	(147)	(154)
Noncurrent liability	(19,445)	(13,482)	(12,534)	(11,696)	$ (15,128)	(26,143)	(3,273)	(2,776)
Net amount recorded	$ (19,519)	$ (13,590)	$ (12,776)	$ (11,909)	$ (16,937)	$ (29,991)	$ (3,420)	$ (2,930)
Amounts recorded in Accumulated other comprehensive income (loss) are comprised of:								
Net actuarial loss	$ 38,007	$ 34,940	$ 7,387	$ 6,188	$ 1,631	$ 1,651	$ 1,005	$ 569
Net prior service cost (credit)	1,644	2,277	(754)	(170)	(5,028)	(5,305)	(860)	(519)
Transition obligation	—	—	7	7	—	—	—	—
Total recorded in Accumulated other comprehensive income (loss)	$ 39,651	$ 37,217	$ 6,640	$ 6,025	$ (3,397)	$ (3,654)	$ 145	$ 50
Effect of application of fresh-start reporting	(39,651)	—	(6,640)	—	3,397	—	(145)	—
Total recorded in Accumulated other comprehensive income (loss)	$ —	$ 37,217	$ —	$ 6,025	$ —	$ (3,654)	$ —	$ 50

(a) The table does not include other non-U.S. employee benefit arrangements with a total PBO of $94 million and $95 million at July 9, 2009 and December 31, 2008.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In the period July 10, 2009 through December 31, 2009 we experienced actual return on plan assets on our U.S. pension plan assets of $9.9 billion compared to expected returns of $3.0 billion that were recognized as a component of our net pension expense during this period. As a result of the U.S. hourly and salaried defined benefit pension plan interim remeasurements, a portion of the effect of the actual plan asset gains was recognized in the market-related value of plan assets during the remainder of the period subsequent to the interim remeasurements. The market related value of plan assets used in the calculation of expected return on pension plan assets at December 31, 2009 is $2.8 billion lower than the actual fair value of plan assets for U.S. pension plans and $294 million lower than the actual fair value of plan assets for non-U.S. pension plans. Therefore, the effect of the improvement in the financial markets will not fully affect net pension expense in the year ended 2010. Refer to Note 4 for additional information on the market-related value of plan assets methodology utilized.

The following table summarizes the total accumulated benefit obligations (ABO), the ABO and fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor		Predecessor	
	December 31, 2009		December 31, 2008	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$101,397	$23,615	$98,003	$19,547
Plans with ABO in excess of plan assets				
ABO	$101,397	$22,708	$98,003	$19,229
Fair value of plan assets	$ 84,500	$12,721	$84,545	$ 7,648
Plans with PBO in excess of plan assets				
PBO	$101,571	$23,453	$98,135	$19,664
Fair value of plan assets	$ 84,500	$13,008	$84,545	$ 7,649

The following tables summarize the components of net periodic pension and OPEB expense from continuing operations along with the assumptions used to determine benefit obligations (dollars in millions):

	Successor			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Other Benefits	Non-U.S. Plans Other Benefits
	July 10, 2009 Through December 31, 2009			
Components of expense				
Service cost (a)	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations at December 31 (b)				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense for period ended December 31 (c)				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	—
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

(a) U. S. pension plan service cost includes plan administrative expenses of $38 million.

(b) Determined at the end of the period.

(c) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor											
	U.S. Plans Pension Benefits			Non-U.S. Plans Pension Benefits			U.S. Plans Other Benefits			Non-U.S. Other Benefits		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Components of expense												
Service cost	$ 243	$ 527	$ 627	$ 155	$ 410	$ 486	$ 69	$ 241	$ 370	$ 12	$ 32	$ 45
Interest cost	3,077	5,493	4,931	596	1,269	1,143	1,615	3,519	3,609	102	225	199
Expected return on plan assets	(3,810)	(8,043)	(7,983)	(364)	(969)	(984)	(444)	(1,281)	(1,400)	—	—	—
Amortization of prior service cost (credit)	429	1,077	2,167	(12)	407	32	(1,051)	(1,918)	(1,830)	(63)	(86)	(86)
Amortization of transition obligation	—	—	—	2	6	8	—	—	—	—	—	—
Recognized net actuarial loss	715	317	764	193	275	407	32	508	1,352	23	110	122
Curtailments, settlements, and other losses (gains)	1,720	3,823	75	97	270	156	21	(3,476)	(213)	(123)	11	(17)
Divestiture of Allison (a)	—	—	(30)	—	—	—	—	—	211	—	—	—
Net periodic pension and OPEB (income) expense	$ 2,374	$ 3,194	$ 551	$ 667	$ 1,668	$ 1,248	$ 242	$ (2,407)	$ 2,099	$ (49)	$ 292	$ 263
Weighted-average assumptions used to determine benefit obligations at period end (b)												
Discount rate	5.86%	6.27%	6.35%	5.82%	6.22%	5.72%	6.86%	8.25%	6.35%	5.47%	7.00%	5.75%
Rate of compensation increase	3.94%	5.00%	5.25%	3.23%	3.59%	3.60%	1.48%	2.10%	3.30%	4.45%	4.45%	4.00%
Weighted-average assumptions used to determine net expense for the period (c)												
Discount rate	6.27%	6.56%	5.97%	6.23%	5.77%	4.97%	8.11%	7.02%	5.90%	6.77%	5.90%	5.00%
Expected return on plan assets	8.50%	8.50%	8.50%	7.74%	7.78%	7.85%	8.50%	8.40%	8.40%	—	—	—
Rate of compensation increase	5.00%	5.00%	5.00%	3.08%	3.59%	3.46%	1.87%	3.30%	4.60%	4.45%	4.00%	4.00%

(a) As a result of the Allison divestiture, Old GM recorded an adjustment to the unamortized prior service cost of the U.S. hourly defined benefit pension plan and U.S. salaried defined benefit pension plan of $18 million and the U.S. hourly and salaried OPEB plans of $223 million in the year ended 2007. Those adjustments were included in the determination of the gain recognized on the sale of Allison. The net periodic pension and OPEB benefit expenses related to Allison were reported as a component of discontinued operations. All such amounts related to Allison are reflected in the table above, and the effects of those amounts are shown as an adjustment to arrive at net periodic pension and OPEB (income) expense from continuing operations.

(b) Determined at the end of the period.

(c) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost in the year ended 2010 based on December 31, 2009 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service credit	$ (1)	$ (1)	$ —	$ (1)
Amortization of net actuarial loss	—	9	—	—
	$ (1)	$ 8	$ —	$ (1)

Assumptions

Healthcare Trend Rate

	Successor December 31, 2009		Predecessor December 31, 2008	
Assumed Healthcare Trend Rates	U.S. Plans(a)	Non U.S. Plans(b)	U.S. Plans	Non U.S. Plans
Initial healthcare cost trend rate	—%	5.4%	8.0%	5.5%
Ultimate healthcare cost trend rate	—%	3.3%	5.0%	3.3%
Number of years to ultimate trend rate	—	8	6	8

(a) As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans.

(b) The implementation of the HCT in Canada is anticipated in the near future, which will significantly reduce our exposure to changes in the healthcare cost trend rate.

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The effect of aggregate healthcare trend rates does not include healthcare trend data subsequent to December 31, 2009 associated with the UAW hourly retiree medical plan due to the December 31, 2009 Implementation Date of the New VEBA as the plan is now settled.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates:

	U.S. Plans(a)		Non-U.S. Plans(b)	
Change in Assumption	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO	Effect on 2010 Aggregate Service and Interest Cost	Effect on December 31, 2009 APBO
One percentage point increase	—	—	+$ 14 million	+$ 413 million
One percentage point decrease	—	—	-$ 11 million	-$ 331 million

(a) As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2009 and, therefore, the healthcare cost trend rate does not have a significant effect in the U.S.

(b) The implementation of the HCT in Canada is anticipated in the near future, which will significantly reduce our exposure to changes in the healthcare cost trend rate.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the U.S. and non-U.S. pension plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among certain U.S. and non-U.S. pension and OPEB plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

In setting a new strategic asset mix, consideration is given to the likelihood that the selected mix will effectively fund the projected pension plan liabilities while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mix for U.S. defined benefit pension plans is intended to reduce exposure to equity market risks, to utilize asset classes which reduce volatility and to utilize asset classes where active management has historically generated excess returns above market returns. Therefore, the expected long-term return assumption has been developed with the expectation that we will achieve excess returns above market returns through active management. The results of an asset and liability study approved by the U.S. pension plans' fiduciaries in May 2009 confirmed that the expected long-term annual rate of return assumption of 8.5% for U.S. defined benefit plans continued to be appropriate.

The expected return on plan asset assumptions used in determining pension expense for non-U.S. pension plans is determined in a similar manner to the U.S. plans.

Target Allocation Percentages

An asset and liability study of the U.S. target allocation percentages was approved in May 2009. No significant changes were made to the target allocation percentages by asset category as a result of this study. However, due to the partial elimination of the derivative overlay for the absolute return strategies with the May 2009 study, the absolute return strategies no longer provided bond or bond-like exposures. Therefore they were reclassified from debt securities to the other asset category resulting in a 15 percentage point shift between asset categories. This change does not reflect a change in investment policy.

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans and U.S. OPEB plans:

	Successor			Predecessor		
	December 31, 2009			December 31, 2008		
Asset Categories	U.S. Plans	Non-U.S. Plans	U.S. OPEB(c)	U.S. Plans	Non-U.S. Plans	U.S. OPEB
Equity securities	28.0%	64.0%	—%	28.0%	60.0%	53.0%
Debt securities (a)	42.0%	24.0%	—%	57.0%	24.0%	25.0%
Real estate	9.0%	9.0%	—%	9.0%	12.0%	4.5%
Other (b)	21.0%	3.0%	—%	6.0%	4.0%	17.5%
Total	100.0%	100.0%	—%	100.0%	100.0%	100.0%

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Includes absolute return strategies at December 31, 2008.

(b) Includes private equity at December 31, 2008 and December 31, 2009 and absolute return strategies at December 31, 2009.

(c) There are no significant U.S. OPEB assets at December 31, 2009 following the settlement of the UAW hourly retiree medical plan.

Pension Plan Assets and Fair Value Measurements

The following table summarizes the fair value of defined benefit pension plan assets by asset category (dollars in millions):

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2009				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2009				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Direct investments:									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ 137	$ 463	$ —	$ 600	$ 600
Common and preferred stock	—	—	—	—	3,002	56	—	3,058	3,058
Government and agency debt securities (a)	—	—	—	—	93	4,136	65	4,294	4,294
Corporate debt securities (b)	—	—	—	—	2	483	109	594	594
Agency mortgage and asset-backed securities	—	—	—	—	—	62	7	69	69
Non-agency mortgage and asset-backed securities	—	—	—	—	—	42	16	58	58
Private equity and debt investments	—	—	—	—	—	—	110	110	110
Real estate assets (c)	—	—	—	—	14	—	825	839	839
Derivatives (d)	—	—	—	—	—	23	—	23	23
Total direct investments	—	—	—	—	3,248	5,265	1,132	9,645	9,645
Investment funds:									
Cash equivalent funds	—	—	—	—	19	4	—	23	23
Equity funds	—	14,495	—	14,495	1	2,575	75	2,651	17,146
High quality fixed income funds	—	9,643	—	9,643	—	1,012	—	1,012	10,655
High yield fixed income funds	—	—	4,221	4,221	—	—	—	—	4,221
Blended funds (e)	—	71	—	71	—	18	—	18	89
Real estate funds	—	916	—	916	—	35	217	252	1,168
Other funds (f)	—	2,266	—	2,266	—	8	95	103	2,369
Total investment funds	—	27,391	4,221	31,612	20	3,652	387	4,059	35,671
Other	—	—	—	—	—	206	—	206	206
Assets before Investment Trusts	$ —	$27,391	$ 4,221	31,612	$3,268	$9,123	$1,519	13,910	45,522
Investment Trusts (g)				53,043				—	53,043
Total assets				84,655				13,910	98,565
Other plan assets and liabilities (h)				(155)				117	(38)
Net plan assets				$ 84,500				$ 14,027	$98,527

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) Includes bank debt obligations.

(c) Includes public and private real estate investment trusts.

(d) Includes net futures, forwards, options, swaps, rights, and warrants.

(e) Primarily investments in blended equity and fixed income fund-of-funds.

(f) Primarily investments in alternative investment funds.

(g) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(h) Primarily investment manager fees, custody fees and other expenses paid directly by the plans.

The following tables summarize the activity for U.S. plan assets classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 U.S. Plan Asset Activity					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
High yield fixed income funds	$ 5,488	$ 910	$ 158	$ (2,335)	$ —	$ 4,221

	Predecessor					
	Level 3 U.S. Plan Asset Activity					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
High yield fixed income funds	$ 4,508	$ 998	$ 7	$ (25)	$ —	$ 5,488

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor — Level 3 Non-U.S. Plan Asset Activity						
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2009
Direct investments:							
Government and agency debt securities	$ 8	$ (1)	$ —	$ 60	$ (3)	$ 1	$ 65
Corporate debt securities	17	6	1	37	43	5	109
Agency mortgage and asset- backed securities	6	—	—	—	1	—	7
Non-agency mortgage and asset-backed securities	10	19	(6)	(11)	3	1	16
Private equity and debt investments	149	(1)	—	(52)	—	14	110
Real estate assets	785	(52)	—	11	—	81	825
Total direct investments	975	(29)	(5)	45	44	102	1,132
Investment funds:							
Equity funds	27	12	(9)	43	(2)	4	75
Real estate funds	199	25	(2)	(4)	—	(1)	217
Other investment funds	107	3	1	(16)	—	—	95
Total investment funds	333	40	(10)	23	(2)	3	387
Total non-U.S. plan assets	$ 1,308	$ 11	$ (15)	$ 68	$ 42	$ 105	$ 1,519

	Predecessor — Level 3 Non-U.S. Plan Asset Activity						
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at July 9, 2009
Direct investments:							
Government and agency debt securities	$ —	$ —	$ —	$ 4	$ 4	$ —	$ 8
Corporate debt securities	16	—	2	(2)	—	1	17
Agency mortgage and asset- backed securities	6	—	—	—	—	—	6
Non-agency mortgage and asset-backed securities	1	(3)	—	(2)	14	—	10
Private equity and debt investments	163	(33)	—	11	—	8	149
Real estate assets	831	(99)	—	12	—	41	785
Total direct investments	1,017	(135)	2	23	18	50	975
Investment funds:							
Equity funds	33	2	(1)	10	(19)	2	27
Real estate funds	206	(21)	(3)	(3)	—	20	199
Other investment funds	94	2	—	1	—	10	107
Total investment funds	333	(17)	(4)	8	(19)	32	333
Total non-U.S. plan assets	$ 1,350	$ (152)	$ (2)	$ 31	$ (1)	$ 82	$ 1,308

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fund Investment Strategies

A significant portion of the defined benefit pension plan assets, as previously discussed, are invested in a variety of investment funds. The following information describes the significant investment strategies of those funds.

Cash equivalent funds typically seek a high level of current income consistent with the preservation of capital and the maintenance of liquidity. In furtherance of these investment objectives, the funds invest primarily in short-term, high quality securities including U.S. government securities, U.S. dollar-denominated obligations of the U.S. and foreign depository institutions, commercial paper, corporate bonds and asset-backed securities. The funds seek to be fully invested and to achieve the objectives by using fundamental security valuation methodologies and quantitative investment models.

Equity funds typically seek long-term growth through capital appreciation and current income primarily through investments in companies that are believed by the investment manager to be attractively priced relative to fundamental characteristics such as earnings, book value or cash flow. The funds invest primarily in U.S. equities but may also have exposure to equity securities issued by companies incorporated, listed, or domiciled in developed and/or emerging markets. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

High quality fixed income funds typically seek a high level of current income that is consistent with reasonable risk and moderate capital appreciation, primarily through investments in U.S. high quality fixed income securities. In furtherance of these investment objectives, the funds invest primarily in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

High yield fixed income funds typically seek a high level of current income and capital appreciation primarily through investments in U.S. high yield fixed income securities. The funds invest primarily in U.S. high yield fixed income securities issued by corporations which are rated below investment grade by one or more nationally recognized rating agencies, are unrated but are believed by the investment manager to have similar risk characteristics, or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

Blended funds typically seek long-term growth through capital appreciation and current income primarily through investments in a broadly diversified portfolio of stocks and bonds. The funds invest in other investment funds pursuant to an asset allocation strategy that seeks to provide diversification across a range of asset classes. The asset classes of the funds may include U.S. large cap stocks, U.S. small cap stocks, international stocks, emerging markets stocks, U.S. high quality bonds, U.S. high yield bonds and cash. The funds seek to be fully invested and achieve their objectives by using fundamental security valuation methodologies and quantitative models.

Real estate funds typically seek long-term growth of capital and current income that is above average relative to public equity funds. The funds invest primarily in the equity-oriented securities of companies which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. The funds seeks to achieve their objective by selecting securities based on an analysis of factors affecting the performance of real estate investments such as local market conditions, asset quality and management expertise, and an assessment of value based on fundamental security valuation methodologies and other real estate valuation metrics.

The plans also have limited exposure to alternative investment funds with broad-ranging strategies and styles. Typically, the objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Fund strategies in this category typically include private equity, venture capital, commodities, hedged, or absolute return strategies.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Trusts

A significant portion of the U.S. hourly and salaried pension plan assets are invested through a series of group trusts (Investment Trusts) which permit the commingling of assets from more than one employer. The group trust structure permitted the formation of a series of group trust investment accounts. Each group trust has a beneficial interest in the assets of the underlying investment accounts which are invested to achieve an investment strategy based on the desired plan asset targeted allocations. For purposes of fair value measurement, each plan's interests in the group trusts are classified as a plan asset.

A plan's interest in an Investment Trust is determined based on the Investment Trust's beneficial interest in the underlying net assets. Beneficial interests in the individual Investment Trusts owned by the plans are 97.4% on a combined basis at December 31, 2009.

The following table summarizes the U.S. plans' interest in certain net assets of the Investment Trusts (dollars in millions):

	Successor December 31, 2009
U.S. pension plans' funded beneficial interest	$ 53,043
OPEB 401(h) plans' funded beneficial interest	3
Interests held in trusts by plans of other employers	1,403
Total fair value of underlying assets of Investment Trusts	54,449
Assets of Investment Trusts not subject to leveling:	
Cash	(3,022)
Net non-security assets	(323)
Total net assets of the Investment Trusts subject to leveling	$ 51,104

The following table summarizes the fair value of the individual investments held by the investment accounts owned by the Investment Trusts (dollars in millions):

	Successor Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2009(a)			
	Level 1	Level 2	Level 3	Total
Cash equivalents and other short-term investments	$ —	$ 5,003	$ —	$ 5,003
Common and preferred stock	2,512	169	51	2,732
Government and agency debt securities (b)	—	2,866	1,552	4,418
Corporate debt securities (c)	—	4,984	1,761	6,745
Agency mortgage and asset-backed securities	—	380	6	386
Non-agency mortgage and asset-backed securities	—	861	1,525	2,386
Investment funds (d)	999	3,463	13,916	18,378
Private equity and debt investments	—	1	7,210	7,211
Real estate assets (e)	292	—	5,209	5,501
Derivatives (f)	57	(1,825)	112	(1,656)
Total underlying assets	$3,860	$15,902	$31,342	$51,104

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes common, collective, pooled and hedge funds.

(e) Includes public and private real estate investment trusts.

(f) Includes net futures, forwards, options, swaps, rights, and warrants.

The following tables summarize the activity of the underlying assets of the Investment Trusts classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 Investment Trust Underlying Asset Activity					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stock	$ 13	$ 11	$ (6)	$ 37	$ (4)	$ 51
Government and agency debt securities	29	140	28	66	1,289	1,552
Corporate debt securities	749	173	(6)	612	233	1,761
Agency mortgage and asset-backed securities	3	5	(3)	3	(2)	6
Non-agency mortgage and asset-backed securities	544	455	(162)	393	295	1,525
Investment funds	10,874	1,379	(218)	1,379	502	13,916
Private equity and debt investments	6,618	264	205	123	—	7,210
Real estate assets	5,701	(1,086)	364	230	—	5,209
Derivatives	(314)	(8)	(22)	66	390	112
Total Investment Trust Level 3	$ 24,217	$ 1,333	$ 180	$ 2,909	$ 2,703	$ 31,342

	Predecessor					
	Level 3 Investment Trust Underlying Asset Activity					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stock	$ 10	$ (1)	$ 3	$ 1	$ —	$ 13
Government and agency debt securities	9	3	—	17	—	29
Corporate debt securities	604	172	(47)	15	5	749
Agency mortgage and asset-backed securities	5	—	—	(1)	(1)	3
Non-agency mortgage and asset-backed securities	717	(147)	(16)	9	(19)	544
Investment funds	12,753	1,899	(1,193)	(2,585)	—	10,874
Private equity and debt investments	7,564	(1,049)	(64)	167	—	6,618
Real estate assets	7,899	(2,440)	(10)	252	—	5,701
Derivatives	1,420	(1,469)	(229)	(36)	—	(314)
Total Investment Trust Level 3	$ 30,981	$ (3,032)	$ (1,556)	$ (2,161)	$ (15)	$ 24,217

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

OPEB Plan Assets and Fair Value Measurements

The existing OPEB plan assets were no longer recognized as plan assets due to the UAW hourly retiree medical plan settlement. The following table summarizes the fair value of OPEB plan assets by asset category (dollars in millions):

	Successor — Fair Value Measurements of OPEB Plan Assets at December 31, 2009			
	Level 1	Level 2	Level 3	Total U.S. Plan Assets
Direct investments:				
Cash equivalents and other short-term investments	$ —	$ 28	$ —	$ 28
Investment Funds	—	37	—	37
Other	—	—	2	2
Total assets	$ —	$ 65	$ 2	67
Employee-owned assets				(10)
Net non-security liabilities				(26)
Total OPEB net assets				$ 31

The following tables summarize the activity for the OPEB plan assets classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor — Level 3 OPEB Plan Asset Activity					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stock	$ 3	$ 3	$ (2)	$ (4)	$ —	$ —
Government and agency debt securities	1	21	4	(248)	222	—
Corporate debt securities	122	51	3	(344)	168	—
Non-agency mortgage and asset-backed securities	18	(29)	(1)	(2)	14	—
Investment funds	2,188	154	(17)	(2,315)	(10)	—
Private equity and debt investments	243	36	—	(279)	—	—
Real estate assets	356	(78)	—	(136)	(142)	—
Other	2	—	—	—	—	2
Total OPEB Level 3	$ 2,933	$ 158	$ (13)	$ (3,328)	$ 252	$ 2

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	Level 3 OPEB Plan Asset Activity					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stock	$ —	$ (5)	$ —	$ 8	$ —	$ 3
Government and agency debt securities	—	—	—	—	1	1
Corporate debt securities	89	26	(5)	12	—	122
Non-agency mortgage and asset-backed securities	24	—	(1)	(5)	—	18
Investment funds	2,403	333	(104)	(272)	(172)	2,188
Private equity and debt investments	245	17	(16)	(3)	—	243
Real estate assets	415	(71)	1	11	—	356
Other	2	—	—	—	—	2
Total OPEB Level 3	$ 3,178	$ 300	$ (125)	$ (249)	$ (171)	$ 2,933

Significant Concentrations of Risk

The pension plan Investment Trusts include investments in privately negotiated equity and debt securities and derivative instruments which may be illiquid. The asset managers may be unable to quickly liquidate some of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

A portion of the assets underlying the Investment Trusts include non-readily liquid assets, which generally have long-term durations that complement the long-term nature of pension obligations, are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry, and market liquidity events.

The pension plan Investment Trusts may invest in financial instruments and enter into transactions denominated in currencies other than the plans' functional currencies. Consequently, the plans might be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of that portion of the plans' assets or liabilities denominated in currencies other than the functional currency. The plans use forward currency contracts to manage foreign currency risk.

The pension plan Investment Trusts may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns on the expiration of contracts or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. In general, as interest rates rise, the fair value of fixed income securities declines, and vice-versa. The plan Investment Trusts use interest rate swaps and other financial derivative instruments to manage interest rate risk.

A counterparty to a financial instrument may fail or default on a commitment that it has entered into with the plan Investment Trusts. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The plan Investment Trusts enter into agreements with counterparties that allow the set-off of certain exposures to the risk that the issuer or guarantor of a debt security will be unable to meet principal and interest payments on its obligations and also to the price risk related to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity. The plan Investment Trusts may invest in debt securities that are investment grade, non-investment grade, or unrated. High yield debt securities have historically experienced greater default rates than investment grade securities. The plan Investment Trusts have credit policies and processes to manage exposure to credit risk on an ongoing basis and manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Plan Funding Policy and Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2009, all legal funding requirements had been met.

The following table summarizes pension contributions to the defined benefit pension plans or direct payments (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. hourly and salaried	$ —	$ —	$ —	$ —
Other U.S.	31	57	90	89
Non-U.S.	4,287	529	977	848
Total contributions	$ 4,318	$ 586	$ 1,067	$ 937

In the year ending 2010 we do not have any U.S. contributions due to our qualified plans. The next pension funding valuation date based on the requirements of the Pension Protection Act (PPA) of 2006 would be October 1, 2010. At that time, based on the PPA, we have the option to select a discount rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2009 using the Full Yield Curve discount rate at that time and for all future funding valuations projects contributions of $2.5 billion, $4.6 billion and $4.8 billion in 2013, 2014 and 2015 and additional contributions may be required thereafter. Alternatively, if the 3-Segment discount rate were used for the hypothetical valuation, no pension funding contributions until a contribution of $3.3 billion in 2015 are required, and additional contributions may be required thereafter. In both cases, we have assumed that the pension plans earn the expected return of 8.5% in the future. In addition to the discount rate and rate of return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are currently considering making a discretionary contribution to our U.S. hourly defined benefit pension plan to offset the effect of the increase to the PBO resulting from the Delphi Benefit Guarantee Agreements being triggered and to reduce the projected future cash funding requirements. We are currently evaluating the amount, timing and form of assets that may be contributed. We expect to contribute or pay benefits of $95 million to our other U.S. defined benefit pension plans and $355 million to our non-U.S. pension plans in the year ended 2010.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement between Old GM, EDC and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements between GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2009 $955 million remained in the escrow account.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes net contributions to the U.S. OPEB plans (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Employer (a)(b)	$ 1,528	$ 1,947	$ (1,356)	$ (1,929)
Plan participants' contributions.	172	169	401	354
Total contributions	$ 1,700	$ 2,116	$ (955)	$ (1,575)

(a) Withdrawals were from plan assets of non-UAW hourly and salaried VEBAs in the years ended 2008 and 2007.

(b) Both the U.S. non-UAW hourly and salaried VEBAs were effectively liquidated by December 31, 2008.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, as appropriate, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2010	$ 9,321	$ 1,414	$ 489	$ 177
2011	$ 8,976	$ 1,419	$ 451	$ 185
2012	$ 8,533	$ 1,440	$ 427	$ 193
2013	$ 8,247	$ 1,461	$ 407	$ 201
2014	$ 8,013	$ 1,486	$ 390	$ 210
2015-2019	$37,049	$ 7,674	$ 1,801	$ 1,169

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 Revised UAW Settlement Agreement which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Note 20. Derivative Financial Instruments and Risk Management

Risk Management

Foreign currency exchange risk, interest rate risk and commodity price risk are managed by using derivative instruments, typically including forward contracts, swaps and options, in accordance with our current and Old GM's previous risk management policies. The objective of these risk management policies is to offset the gains and losses on the underlying exposures resulting from these risks with the related gains and losses on the derivatives used to hedge them. These risk management policies limit the use of derivative instruments to managing these risks and do not allow the use of derivative instruments for speculative purposes.

A risk management control system is used to assist in monitoring the hedging program, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures, and the related accounting treatment. Hedges that receive designated hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. The maximum amount of loss due to credit risk that we would incur if the counterparties to the derivative instruments failed completely to perform according to the terms of the contract was $159 million at December 31, 2009. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. The total net derivative asset position for all counterparties with which we were in a net asset position at December 31, 2009 was $125 million.

Counterparty credit risk is managed and monitored by our Risk Management Committee, which establishes exposure limits by counterparty. At December 31, 2009 substantially all counterparty exposures were with counterparties that were rated A or higher.

Credit Risk Related Contingent Features

Agreements with counterparties to derivative instruments do not contain covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that certain standards are violated or when a derivative instrument is in a liability position. No collateral was posted related to derivative instruments at December 31, 2009. We are currently in negotiations with counterparties to amend or enter into new derivative agreements that will likely require us to provide cash collateral for any net liability positions that we would have with these counterparties.

Derivatives and Hedge Accounting

Our derivative instruments consist of nondesignated derivative contracts or economic hedges. At December 31, 2009 and 2008 no outstanding derivative contracts were designated in hedging relationships. In the period July 10, 2009 through December 31, 2009 we accounted for changes in the fair value of all outstanding contracts by recording the gains and losses in earnings.

Cash Flow Hedges

We are and Old GM was exposed to certain foreign currency exchange risks associated with buying and selling automotive parts and vehicles and foreign currency exposure to long-term debt. We partially manage these risks through the use of derivative instruments that we acquired from Old GM. At December 31, 2009 we did not have any financial instruments designated as cash flow hedges for accounting purposes.

Due to Old GM's credit standing and the Chapter 11 Proceedings, our ability to manage risks using derivative financial instruments is severely limited as most derivative counterparties are unwilling to enter into transactions with us. Subsequent to the 363 Sale, we remain unable to enter into forward contracts pending the completion of negotiations for new agreements and credit terms with potential derivative counterparties. In December 2009 we began purchasing commodity and foreign currency exchange options. These nondesignated derivatives have original expiration terms of up to 13 months.

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to foreign currency exchange risks. For foreign currency transactions, Old GM typically hedged forecasted exposures for up to three years in the future. For foreign currency exposure on long-term debt, Old GM typically hedged exposures for the life of the debt.

For derivatives that were previously designated as qualifying cash flow hedges, the effective portion of the unrealized and realized gains and losses resulting from changes in fair value were recorded as a component of Accumulated other comprehensive income (loss). Subsequently, those cumulative gains and losses were reclassified to earnings contemporaneously with and to the same line item as the earnings effects of the hedged item. However, if it became probable that the forecasted transaction would not occur, the cumulative change in the fair value of the derivative recorded in Accumulated other comprehensive income (loss) was reclassified into earnings immediately.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying cash flow hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $157 million in the three months ended December 31, 2008. This gain was recorded in Sales and Cost of sales in the amounts of $127 million and $30 million.

The following table summarizes amounts reclassified from Accumulated other comprehensive income (loss) into earnings for the effective portion of a hedging relationship (dollars in millions):

	Predecessor Gain (Loss) Reclassified	
	Year Ended December 31, 2008	Year Ended December 31, 2007
From accumulated other comprehensive income (loss) to sales	$ 198	$ 225
From accumulated other comprehensive income (loss) to cost of sales	$ 205	$ 51

To the extent that prior hedging relationships were not effective, the ineffective portion of the change in fair value of the derivative instrument was recorded immediately in earnings. Hedge ineffectiveness related to instruments designated as cash flow hedges was insignificant in the years ended 2008 and 2007.

The following table summarizes total activity in Accumulated other comprehensive income (loss) associated with cash flow hedges, primarily related to the reclassification of previously deferred cash flow hedge gains and losses from Accumulated other comprehensive income (loss) into earnings (dollars in millions):

Derivatives in Original Cash Flow Hedging Relationship	Location of Gain (Loss) Reclassified into Earnings	Predecessor Gain (Loss) Reclassified January 1, 2009 Through July 9, 2009
Foreign currency exchange contracts	Sales	$ (351)
Foreign currency exchange contracts	Cost of sales	19
Foreign currency exchange contracts	Reorganization gains, net	247
Total activity in accumulated other comprehensive income (loss)		$ (85)

In connection with the Chapter 11 Proceedings, at June 1, 2009 Accumulated other comprehensive income (loss) balances of $247 million associated with previously designated financial instruments were reclassified into Reorganization gains, net because the underlying forecasted debt and interest payments were probable not to occur.

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedge gains and losses in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes gains and (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor Gain (Loss) Reclassified January 1, 2009 Through July 9, 2009
Sales	$ (182)
Reorganization gains, net	247
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ 65

Fair Value Hedges

We are and Old GM was subject to market risk from exposures to changes in interest rates that affect the fair value of long-term, fixed rate debt. At December 31, 2009 we did not have any financial instruments designated as fair value hedges to manage this risk.

Old GM previously used interest rate swaps designated as fair value hedges to manage certain of its exposures associated with these borrowings. Old GM hedged its exposures to the maturity date of the underlying interest rate exposure.

Gains and losses on derivatives designated and qualifying as fair value hedges, as well as the offsetting gains and losses on the debt attributable to the hedged interest rate risk, were recorded in Interest expense to the extent the hedge was effective. The gains and losses related to the hedged interest rate risk were recorded as an adjustment to the carrying amount of the debt. Previously recorded adjustments to the carrying amount of the debt were amortized to Interest expense over the remaining debt term. In the period January 1, 2009 through July 9, 2009 Old GM amortized previously deferred fair value hedge gains and losses of $3 million to Interest expense. Old GM recorded no hedging ineffectiveness in the years ended 2008 and 2007.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying fair value hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $279 million recorded in Interest expense in the three months ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Old GM had basis adjustments of $18 million to the carrying amount of debt that ceased to be amortized to Interest expense. At June 1, 2009 the debt related to these basis adjustments was classified as Liabilities subject to compromise and no longer subject to interest accruals or amortization. We did not assume this debt from Old GM in connection with the 363 Sale.

Net Investment Hedges

We are and Old GM was subject to foreign currency exposure related to net investments in certain foreign operations. At December 31, 2009 we did not have any hedges of a net investment in a foreign operation.

Old GM previously used foreign currency denominated debt to hedge this foreign currency exposure. For nonderivative instruments that were designated as, and qualified as, a hedge of a net investment in a foreign operation, the effective portion of the unrealized and realized gains and losses were recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss). In connection with the 363 Sale, MLC retained the foreign currency denominated debt and it ceased to operate as a hedge of net investments in foreign operations. In connection with our application of fresh-start reporting, the effective portions of unrealized gains and losses previously recorded to Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the gains and (losses) related to net investment hedges recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss) (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Effective portion of net investment hedge gains (losses)	$ 5	$ 106	$ (224)

Derivatives Not Designated for Hedge Accounting

Derivatives not designated in a hedging relationship, such as forward contracts, swaps, and options, are used to economically hedge certain risk exposures. Unrealized and realized gains and losses related to these nondesignated derivative hedges are recorded in earnings.

In connection with our application of fresh-start reporting, we elected a new policy with respect to the classification of nondesignated derivative gains and losses in earnings. Effective July 10, 2009 gains and losses related to all nondesignated derivatives, regardless of type of exposure, are recorded to Interest income and other non-operating income, net. Refer to Notes 2 and 4 for additional information on fresh-start reporting and our derivative accounting policies.

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Old GM made cash payments of $631 million to settle the related commodity, foreign currency exchange, and interest rate forward contracts, resulting in a loss of $537 million. The loss was recorded in Sales, Cost of sales and Interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract is no longer forecasted to occur, in some cases a new derivative instrument is entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties are unwilling to enter into offsetting derivative instruments and, as such, there is exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk.

The following table summarizes gains and (losses) recorded for nondesignated derivatives originally entered into to hedge exposures that subsequently became probable not to occur (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest income and other non-operating income, net	$ 1	$ 91

Commodity Derivatives

Certain raw materials, parts with significant commodity content, and energy comprising various commodities are purchased for use in production. At December 31, 2009 our exposure to commodity prices was partially managed through the use of nondesignated commodity options. At December 31, 2009 we had not entered into any commodity forward contracts.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the notional amounts of our nondesignated commodity derivative contracts (units in thousands):

	Successor	
	December 31, 2009	
Commodity	Contract Notional	Units
Aluminum and aluminum alloy	39	Metric tons
Copper	4	Metric tons
Lead	7	Metric tons
Heating oil	10,797	Gallons
Natural gas	1,355	MMBTU
Natural gas	150	Gigajoules

Old GM previously hedged commodity price risk by entering into derivative instruments such as forward and option contracts. Gains and losses related to commodity derivatives were recorded in Cost of sales.

Interest Rate Swap Derivatives

At December 31, 2009 we did not have any interest rate swap derivatives.

Old GM previously used interest rate swap derivatives to economically hedge exposure to changes in the fair value of fixed rate debt. Gains and losses related to the changes in the fair value of these nondesignated derivatives were recorded in Interest expense.

Foreign Currency Exchange Derivatives

Foreign currency exchange derivatives are used to economically hedge exposure to foreign currency exchange risks associated with: (1) forecasted foreign currency denominated purchases and sales of parts and vehicles; and (2) variability in cash flows related to interest and principal payments on foreign currency denominated debt. At December 31, 2009 we partially managed foreign currency exchange risk through the use of foreign currency options and forward contracts we acquired from Old GM in connection with the 363 Sale.

The following table summarizes the total notional amounts of our nondesignated foreign currency exchange derivatives (dollars in millions):

	Successor
	December 31, 2009
Nondesignated foreign currency exchange derivatives	$ 6,333

Old GM recorded gains and losses related to these foreign currency exchange derivatives in: (1) Sales for derivatives that economically hedged sales of parts and vehicles; (2) Cost of sales for derivatives that economically hedged purchases of parts and vehicles; and (3) Cost of sales for derivatives that economically hedged foreign currency risk related to foreign currency denominated debt.

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. The fair value of the warrants on the date of receipt was recorded as a Non-current asset. Gains and losses related to these warrants were recorded in Interest income and other non-operating income, net. At December 31, 2009 the fair value of these warrants was $25 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 10, 2009 in connection with the 363 Sale, we issued warrants to MLC and the New VEBA to acquire shares of our common stock. These warrants are being accounted for as equity.

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were cancelled.

Fair Value of Nondesignated Derivatives

The following table summarizes the fair value of our nondesignated derivative instruments (dollars in millions):

Nondesignated Derivative Instruments	Successor December 31, 2009 Asset Derivatives(a)(c)	Successor December 31, 2009 Liability Derivatives(b)(d)
Current Portion		
Foreign currency exchange derivatives	$ 104	$ 568
Commodity derivatives	11	—
Total current portion	$ 115	$ 568
Non-Current Portion		
Foreign currency exchange derivatives	$ 19	$ 146
Other derivatives	25	—
Total non-current portion	$ 44	$ 146

(a) Current portion recorded in Other current assets and deferred income taxes.

(b) Current portion recorded in Accrued expenses.

(c) Non-current portion recorded in Other assets.

(d) Non-current portion recorded in Other liabilities and deferred income taxes.

Gains and (Losses) on Nondesignated Derivatives

The following table summarizes gains and (losses) recorded in earnings on nondesignated derivatives (dollars in millions):

Derivatives Not Designated as Hedging Instruments	Statement of Operations Line	Successor July 10, 2009 Through December 31, 2009	Predecessor January 1, 2009 Through July 9, 2009
Foreign currency exchange derivatives	Sales	$ —	$ (688)
Foreign currency exchange derivatives	Cost of sales	—	(211)
Foreign currency exchange derivatives	Interest income and other non-operating income, net	279	91
Interest rate swap derivatives	Interest expense	(1)	(38)
Commodity derivative contracts	Cost of sales	—	(332)
Other derivatives	Interest income and other non-operating income, net	—	164
Total gains (losses) recorded in earnings		$ 278	$ (1,014)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

We enter into purchase contracts to hedge physical exposure to the availability of certain commodities used in the production of vehicles. At December 31, 2009 we did not have any purchase contracts accounted for as derivatives.

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815-10, "Derivatives and Hedging." Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning net unrealized gain (loss) on derivatives	$ (490)	$ 321	$ 359
Change in fair value	—	(1,054)	140
Reclassification to earnings	99	243	(178)
Ending net unrealized gain (loss) on derivatives	$ (391)	$ (490)	$ 321

In connection with our application of fresh-start reporting, previously deferred cash flow hedge gains and losses in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Note 21. Commitments and Contingencies

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor December 31, 2009		Predecessor December 31, 2008	
	Liability Recorded	Maximum Liability(a)	Liability Recorded	Maximum Liability(a)
Guarantees				
Operating lease residual values (b)	$ —	$ 79	$ —	$ 118
Supplier commitments and other related obligations	$ 3	$ 43	$ 5	$ 23
GMAC commercial loans (c)(d)	$ 2	$ 167	$ 19	$ 539
Product warranty and recall claims	$ 54	$ 553	$ —	$ —

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs related to GMAC.

(c) At December 31, 2009 includes $127 million related to a guarantee provided to GMAC in Brazil in connection with dealer floor plan financing. This guarantee is collateralized by an interest in certificates of deposit of $127 million purchased from GMAC to which we have title and which were recorded in Restricted cash. The purchase of the certificates of deposit was funded in part by contributions from dealers for which we have recorded a corresponding deposit liability of $104 million, which was recorded in Other liabilities.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(d) At December 31, 2008 included $481 million related to a guarantee provided to GMAC in Brazil in connection with dealer floor plan financing. This guarantee was secured by an interest in certificates of deposit of $481 million purchased from GMAC to which Old GM had title and which were recorded in Restricted cash. The purchase of the certificates of deposit was funded in part by contributions from dealers for which Old GM recorded a corresponding deposit liability of $358 million, which was recorded in Other liabilities.

	Successor December 31, 2009	Predecessor December 31, 2008
	Liability Recorded	Liability Recorded
Credit card programs		
Rebates available (a)	$ 3,140	$ 3,421
Redemption liability (b)	$ 140	$ 145
Deferred revenue (c)	$ 464	$ 500
Environmental liability (d)	$ 190	$ 297
Product liability (e)	$ 319	$ 921
Asbestos-related liability	$ —	$ 648
Other litigation-related liability (f)	$ 1,192	$ 831

(a) Rebates available include amounts available to qualified cardholders, net of deferred program income.

(b) Redemption liabilities are recorded in Accrued expenses.

(c) Deferred revenue is recorded in Other liabilities and deferred income taxes. At December 31, 2009 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $28 million and $97 million recorded in Accrued expenses at December 31, 2009 and December 31, 2008, and the remainder was recorded in Other liabilities.

(e) At December 31, 2008 Old GM included legal fees of $154 million expected to be incurred in connection with product liability loss contingencies. In connection with our application of fresh-start reporting, we adopted a policy to expense legal fees as incurred related to product liability contingencies.

(f) Consists primarily of tax related litigation not recorded pursuant to ASC 740-10 as well as various non-U.S. labor related matters.

Guarantees

In connection with the 363 Sale, we assumed liabilities for certain agreements and guarantees.

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2011 to 2035. Certain leases contain renewal options.

We have agreements with third parties that guarantee the fulfilment of certain suppliers' commitments and other related obligations. These guarantees expire in years ranging from 2010 to 2014, or upon the occurrence of specific events, such as a company's cessation of business.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

We provide payment guarantees on commercial loans made by GMAC to certain third parties, such as dealers or rental car companies. The guarantees either expire in years ranging from 2010 to 2029 or are ongoing. We determined the value ascribed to the guarantees to be insignificant based on the credit worthiness of the third parties. Refer to Note 30 for additional information on guarantees that we provide to GMAC.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. In connection with such divestitures, we have provided guarantees with respect to benefits to be paid to former employees relating to pensions, postretirement health care and life insurance. Also, we periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. No amounts have been recorded for such obligations as they are not probable or estimable at this time.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to product warranty and recall claims involving products manufactured by certain joint ventures, it is believed that expenses will be adequately covered by recorded accruals. At December 31, 2009 our maximum potential liability which we ultimately may be responsible for was $553 million.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

In connection with the 363 Sale, we acquired certain properties that are subject to environmental remediation.

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are and Old GM was involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from two to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Accordingly, it is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our or Old GM's financial condition and results of operations. At December 31, 2009 we estimate the remediation losses could range from $130 million to $320 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment for actual damages will be adequately covered by recorded accruals and, where applicable, excess insurance coverage. Although punitive damages are

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for all product liability claims that have already been incurred and are expected to be filed in the future for which we are and Old GM was self-insured. These amounts were recorded in Accrued expenses and exclude Old GM's asbestos claims, which are discussed separately.

In connection with the 363 Sale, we assumed certain liabilities related to product liability which arise directly out of accidents, incidents or other distinct and discrete occurrences that occur on or after July 10, 2009 and that arise from our and Old GM vehicles' operation or performance. Further, in accordance with our assumption of dealer sales and service agreements, we indemnify dealers for certain product liability related claims. Our experience related to dealer indemnification obligations for activity on or after July 10, 2009 is limited. We have estimated our product liability given the information currently available concerning the projected number and value of such claims. It is not possible to estimate our maximum exposure under these indemnifications due to the conditional nature of these obligations. We did not assume the product liabilities of Old GM arising in whole or in part from any accidents, incidents or other occurrences that occurred prior to July 10, 2009.

Asbestos-Related Liability

In connection with the 363 Sale, MLC retained substantially all of the asbestos-related claims outstanding.

Like most automobile manufacturers, Old GM had been subject to asbestos-related claims in recent years. These claims primarily arose from three circumstances:

- A majority of these claims sought damages for illnesses alleged to have resulted from asbestos used in brake components;
- Limited numbers of claims have arisen from asbestos contained in the insulation and brakes used in the manufacturing of locomotives; and
- Claims brought by contractors who allege exposure to asbestos-containing products while working on premises Old GM owned.

Old GM had resolved many of the asbestos-related cases over the years for strategic litigation reasons such as avoiding defense costs and possible exposure to excessive verdicts. The amount expended on asbestos-related matters in any period depended on the number of claims filed, the amount of pre-trial proceedings and the number of trials and settlements in the period.

Old GM recorded the estimated liability associated with asbestos personal injury claims where the expected loss was both probable and could reasonably be estimated. Old GM retained a firm specializing in estimating asbestos claims to assist Old GM in determining the potential liability for pending and unasserted future asbestos personal injury claims. The analyses relied on and included the following information and factors:

- A third party forecast of the projected incidence of malignant asbestos-related disease likely to occur in the general population of individuals occupationally exposed to asbestos;
- Old GM's Asbestos Claims Experience, based on data concerning claims filed against Old GM and resolved, amounts paid, and the nature of the asbestos-related disease or condition asserted during approximately the four years prior;
- The estimated rate of asbestos-related claims likely to be asserted against MLC in the future based on Old GM's Asbestos Claims Experience and the projected incidence of asbestos-related disease in the general population of individuals occupationally exposed to asbestos;

Table of Contents

- The estimated rate of dismissal of claims by disease type based on Old GM's Asbestos Claims Experience; and
- The estimated indemnity value of the projected claims based on Old GM's Asbestos Claims Experience, adjusted for inflation.

Old GM reviewed a number of factors, including the analyses provided by the firm specializing in estimating asbestos claims in order to determine a reasonable estimate of the probable liability for pending and future asbestos-related claims projected to be asserted over the next 10 years, including legal defense costs. Old GM monitored actual claims experience for consistency with this estimate and made periodic adjustments as appropriate.

Old GM believed that the analyses were based on the most relevant information available combined with reasonable assumptions, and that Old GM may prudently rely on their conclusions to determine the estimated liability for asbestos-related claims. Old GM noted, however, that the analyses were inherently subject to significant uncertainties. The data sources and assumptions used in connection with the analyses may not prove to be reliable predictors with respect to claims asserted against Old GM. Old GM's experience in the past included substantial variation in relevant factors, and a change in any of these assumptions — which include the source of the claiming population, the filing rate and the value of claims — could significantly increase or decrease the estimate. In addition, other external factors such as legislation affecting the format or timing of litigation, the actions of other entities sued in asbestos personal injury actions, the distribution of assets from various trusts established to pay asbestos claims and the outcome of cases litigated to a final verdict could affect the estimate.

Other Litigation-Related Liability

In connection with the 363 Sale, we assumed liabilities for various legal matters.

Various legal actions, governmental investigations, claims and proceedings are pending against one or more of us, Old GM or MLC, including a number of shareholder class actions, bondholder class actions and class actions under the Employee Retirement Income Security Act of 1974, as amended, and other matters arising out of alleged product defects, including asbestos-related claims; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740-10 and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which it is believed that losses are probable and can be reasonably estimated, the majority of which are associated with tax-related matters not recorded pursuant to ASC 740-10 as well as various non U.S. labor-related matters. Tax related matters not recorded pursuant to ASC 740-10 are items being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2009. It is believed that appropriate accruals have been established for such matters in accordance with ASC 450, "Contingencies," based on information currently available. Reserves for litigation losses are recorded in Accrued expenses and Other liabilities and deferred income taxes. These accrued reserves represent the best estimate of amounts believed to be our and Old GM's liability in a range of expected losses. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our or Old GM's financial condition, results of operations and cash flows in any particular reporting period.

In July 2008 Old GM reached a tentative settlement of the General Motors Securities Litigation suit and recorded an additional charge of $277 million, of which $139 million was paid in the year ended 2008. Also in the year ended 2008, Old GM recorded $215 million as a reduction to Selling, general and administrative expense associated with insurance-related indemnification proceeds for previously recorded litigation related costs, including the cost incurred to settle the General Motors Securities Litigation suit.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Asset Retirement Obligations

Conditional asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

Recording conditional asset retirement obligations results in increased fixed asset balances with a corresponding increase to liabilities. Asset balances of $97 million and $132 million at December 31, 2009 and 2008 are recorded in buildings and land improvements, a component of Property, net, while the related liabilities are included in Other liabilities. The following table summarizes the activity related to asset retirement obligations (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 97	$ 237	$ 222
Accretion expense	4	12	19
Liabilities incurred	21	5	2
Liabilities settled or disposed	(9)	(2)	(24)
Effect of foreign currency translation	3	5	(17)
Revisions to estimates	(14)	1	35
Reclassified to liabilities subject to compromise (a)	—	(121)	—
Ending balance	102	137	237
Effect of application of fresh-start reporting	—	(40)	—
Ending balance including effect of application of fresh-start reporting	$ 102	$ 97	$ 237

(a) Represents the asset retirement obligations associated with assets MLC retained.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2010	2011	2012	2013	2014	2015 and after
Minimum commitments (a)(b)	$552	$414	$309	$261	$226	$ 960
Sublease income	(85)	(80)	(74)	(70)	(66)	(634)
Net minimum commitments	$467	$334	$235	$191	$160	$ 326

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

(b) In March 2010 we renegotiated certain leases which will increase our 2010 minimum payments by $12 million and decrease our 2011 and after minimum payments by $195 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Rental expense under operating leases	$ 255	$ 369	$ 934	$ 812

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi. As part of the separation agreements, Delphi assumed the pension and other postretirement benefit obligations for the transferred U.S. hourly employees who retired after October 1, 2000 and Old GM retained pension and other postretirement obligations for U.S. hourly employees who retired on or before October 1, 2000. Additionally at the time of the spin-off, Old GM entered into the Delphi Benefit Guarantee Agreements with the UAW, the IUE-CWA and the USW providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. The Delphi Benefit Guarantee Agreements provided, in general, that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the Delphi Benefit Guarantee Agreements, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the Bankruptcy Code. In June 2007 Old GM entered into a memorandum of understanding with Delphi and the UAW (Delphi UAW MOU) that included terms relating to the consensual triggering, under certain circumstances, of the Delphi Benefit Guarantee Agreements as well as additional terms relating to Delphi's restructuring. Under the Delphi UAW MOU, Old GM also agreed to pay for certain healthcare costs of Delphi retirees and their beneficiaries in order to provide a level of benefits consistent with those provided to Old GM's retirees and their beneficiaries under the Mitigation Plan, if Delphi terminated OPEB benefits. In August 2007 Old GM also entered into memoranda of understanding with Delphi and the IUE-CWA and with Delphi and the USW containing terms consistent with the comprehensive Delphi UAW MOU.

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements consisting of the Global Settlement Agreement (GSA), the Master Restructuring Agreement (MRA) and the Implementation Agreements with the UAW, IUE-CWA and the USW (Implementation Agreements). The GSA was intended to resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings. The MRA was intended to govern certain aspects of Old GM's ongoing commercial relationship with Delphi. The Implementation Agreements addressed a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Implementation Agreements. In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective.

The more significant items contained in the Amended Delphi-GM Settlement Agreements included Old GM's commitment to:

- Reimburse Delphi for its costs to provide OPEB to certain of Delphi's hourly retirees from December 31, 2006 through the date that Delphi ceases to provide such benefits and assume responsibility for OPEB going forward;

Table of Contents

- Reimburse Delphi for the normal cost of credited service in Delphi's pension plan between January 1, 2007 and the date its pension plans are frozen;
- First hourly pension transfer — Transfer net liabilities of $2.1 billion from the Delphi HRP to Old GM's U.S. hourly pension plan in September 2008;
- Second hourly pension transfer — Transfer the remaining Delphi HRP net liabilities upon Delphi's substantial consummation of its plan of reorganization (POR) subject to certain conditions being met;
- Reimburse Delphi for all retirement incentives and half of the buyout payments made pursuant to the various attrition program provisions and to reimburse certain U.S. hourly buydown payments made to certain hourly employees of Delphi;
- Award certain future product programs to Delphi, provide Delphi with ongoing preferential sourcing for other product programs, eliminate certain previously agreed upon price reductions, and restrict the ability to re-source certain production to alternative suppliers;
- Labor cost subsidy — Reimburse certain U.S. hourly labor costs incurred to produce systems, components and parts for GM vehicles from October 2006 through September 2015 at certain U.S. facilities owned or to be divested by Delphi;
- Production cash burn support — Reimburse Delphi's cash flow deficiency attributable to production at certain U.S. facilities that continue to produce systems, components and parts for GM vehicles until the facilities are either closed or sold by Delphi;
- Facilitation support — Pay Delphi $110 million in both 2009 and 2010 in quarterly installments in connection with certain U.S. facilities owned by Delphi until Delphi's emergence from its Chapter 11 proceedings;
- Temporarily accelerate payment terms for Delphi's North American sales to Old GM upon substantial consummation of its POR, until 2012;
- Reimburse Delphi, beginning in January 2009, for actual cash payments related to workers compensation, disability, supplemental unemployment benefits and severance obligations for all current and former UAW-represented hourly active and inactive employees; and
- Guarantee a minimum recovery of the net working capital that Delphi has invested in certain businesses held for sale.

The GSA also resolved all claims in existence at its effective date (with certain limited exceptions) that either Delphi or Old GM had or may have had against the other. The GSA and related agreements with Delphi's unions released us, Old GM and our related parties (as defined), from any claims of Delphi and its related parties (as defined), as well as any employee benefit related claims of Delphi's unions and hourly employees. Additionally, the GSA provided that Old GM would receive certain administrative claims against the Delphi bankruptcy estate or preferred stock in the emerged entity.

As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion and $1.4 billion to Delphi in the period January 1, 2009 through July 9, 2009 and the year ended 2008 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

IUE-CWA and USW Settlement Agreement

As more fully discussed in Note 19, in September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the Delphi Benefit Guarantee Agreements with these unions. The settlement agreement provides for a measure of retiree health care and life insurance to be provided to certain retirees represented by these unions. The agreement also provides certain IUE-CWA and USW retirees from Delphi a pension "top up" equal to the difference between the amount of PBGC pension payments and the amount of pension benefits that otherwise would have been paid by the Delphi HRP according to its terms had it not been terminated. Further, the settlement agreement provided certain current employees of Delphi or Delphi divested units up to seven years credited service in Old GM's U.S. hourly defined benefit pension plan, commencing November 30, 2008, the date that Delphi froze the Delphi HRP. The agreement was approved by the Bankruptcy Court in November 2009.

Advance Agreements

In the years ended 2008 and 2009 Old GM entered into various agreements and amendments to such agreements to advance a maximum of $950 million to Delphi, subject to Delphi's continued satisfaction of certain conditions and milestones. Through the consummation of the DMDA, we entered into further amendments to the agreements, primarily to extend the deadline for Delphi to satisfy certain milestones, which if not met, would have prevented Delphi from continued access to the credit facility. At October 6, 2009 $550 million had been advanced under the credit facility. Upon consummation of the DMDA, we waived our rights to the advanced amounts that became consideration to Delphi and other parties under the DMDA. Refer to Note 5 for additional information on the consummation of the DMDA.

Payment Terms Acceleration Agreement

In October 2008 subject to Delphi obtaining an extension or other accommodation of its DIP financing through June 30, 2009, Old GM agreed to temporarily accelerate payment of North American payables to Delphi in the three months ended June 30, 2009. In January 2009 Old GM agreed to immediately accelerate $50 million in advances towards the temporary acceleration of North American payables. Additionally, Old GM agreed to accelerate $150 million and $100 million of North American payables to Delphi in March and April of 2009 bringing the total amount accelerated to the total agreed upon $300 million. Upon consummation of the DMDA, we waived our rights to the accelerated payments that became consideration to Delphi and other parties under the DMDA.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 5. Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements that we continue to maintain. In addition, the DMDA establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Other expenses, net	$ 8	$ 184	$ 4,797	$ 1,547
Cost of sales	193	142	555	53
Reorganization gains, net	—	662	—	—
Total Delphi charges	$ 201	$ 988	$ 5,352	$ 1,600

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the Delphi Benefit Guarantee Agreements, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due from us. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims we have against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 5 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

The charges recorded in the year ended 2008 primarily related to estimated losses associated with the guarantee of Delphi's hourly pension plans and the write off of any estimated recoveries from Delphi. The charges also reflected a benefit of $622 million due to a reduction in the estimated liability associated with Delphi OPEB related costs for Delphi active employees and retirees, based on the terms of the New VEBA, who were not previously participants in Old GM's plans. The terms of the New VEBA also reduced Old GM's OPEB obligation for Delphi employees who returned to Old GM and became participants in the UAW hourly medical plan primarily in 2006. Such benefit is included in the actuarial gain recorded in our UAW hourly medical plan. Refer to Note 19 for additional information on the Delphi benefit plans.

Note 22. Income Taxes

The following table summarizes Income (loss) from continuing operations before income taxes and equity income (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
U.S. income (loss)	$ (6,647)	$ 105,420	$ (26,742)	$ (9,448)
Non-U.S. income (loss)	1,364	2,356	(2,729)	3,102
Income (loss) from continuing operations before income taxes and equity income	$ (5,283)	$ 107,776	$ (29,471)	$ (6,346)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Provision (Benefit) for Income Taxes

The following table summarizes the provision (benefit) for income taxes (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Current income tax expense (benefit)				
U.S. federal	$ 7	$ (60)	$ (31)	$ (131)
Non-U.S.	421	(522)	668	295
U.S. state and local	(1)	16	(34)	21
Total current	427	(566)	603	185
Deferred income tax expense (benefit)				
U.S. federal	(1,204)	110	(163)	32,058
Non-U.S.	(52)	(716)	1,175	5,064
U.S. state and local	(171)	6	151	(444)
Total deferred	(1,427)	(600)	1,163	36,678
Total income tax expense (benefit)	$ (1,000)	$ (1,166)	$ 1,766	$ 36,863

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

The following table summarizes the cash paid (received) for income taxes (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash paid (received) for income taxes	$ (65)	$ (1,011)	$ 718	$ 404

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be permanently reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed permanently reinvested, of $5.5 billion and $6.3 billion at December 31, 2009 and 2008. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the provision (benefit) for income taxes compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Tax at U.S. federal statutory income tax rate	$ (1,849)	$ 37,721	$ (10,315)	$ (2,222)
State and local tax expense	(559)	(260)	(1,151)	(275)
Foreign income taxed at rates other than 35%	412	—	314	418
Taxes on unremitted earnings of subsidiaries	(151)	(12)	(235)	(135)
Change in valuation allowance (a)	1,338	6,609	13,064	38,625
Change in statutory tax rates (b)	163	1	151	885
Medicare prescription drug adjustment	—	18	(104)	(199)
Other adjustments	(26)	321	42	(234)
VEBA contribution	(328)	—	—	—
Non-taxable reorganization gain	—	(45,564)	—	—
Total income tax expense (benefit)	$ (1,000)	$ (1,166)	$ 1,766	$ 36,863

(a) See analysis related to valuation allowances on certain deferred tax assets subsequently discussed.

(b) Changes in the tax laws of two jurisdictions in 2007 had a significant effect on Old GM's consolidated financial statements as follows:

- In December 2007 the Canadian government enacted legislation to reduce its combined statutory corporate tax rates by 3.5% in addition to a 0.5% rate reduction enacted in June 2007. The combined 4.0% reduction will be phased in gradually over a period of five years which began in 2008. The valuation allowance subsequently discussed has been adjusted to reflect this change in statutory rates.
- In July 2007 the German Parliament passed legislation to lower its statutory corporate tax rate. This legislation was signed into law in August 2007. This new law reduces by 9.0%, effective at January 1, 2008, the combined German business tax rate, which is comprised of the corporate tax rate, the local trade tax rate, and the solidarity levy tax rate. The effect of this change was a reduction in the carrying amount of Old GM's German deferred tax assets of $475 million, which is included in the charge related to the valuation allowance subsequently discussed.

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2009 and 2008 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	Successor December 31, 2009 Deferred Tax		Predecessor December 31, 2008 Deferred Tax	
	Assets	Liabilities	Assets	Liabilities
Postretirement benefits other than pensions	$ 4,194	$ —	$ 11,610	$ —
Pension and other employee benefit plans	8,876	406	16,171	8,648
Warranties, dealer and customer allowances, claims and discounts	3,940	75	6,682	90
Property, plants and equipment	7,709	278	7,429	3,197
Intangible assets	1,650	4,984	780	—
Tax carryforwards	18,880	—	18,080	—
Miscellaneous U.S.	5,844	1,269	8,122	288
Miscellaneous non-U.S.	3,306	1,944	3,485	773
Subtotal	54,399	8,956	72,359	12,996
Valuation allowances	(45,281)	—	(59,777)	—
Total deferred taxes	9,118	$ 8,956	12,582	$12,996
Net deferred tax assets (liabilities)	$ 162		$ (414)	

The following table summarizes deferred tax assets and liabilities (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Current deferred tax assets	$ 462	$ 138
Current deferred tax liabilities	(57)	(87)
Non-current deferred tax assets	564	98
Non-current deferred tax liabilities	(807)	(563)
Net deferred tax assets (liabilities)	$ 162	$ (414)

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2009 (dollars in millions):

	Expiration Dates	Amounts
U.S. federal and state net operating loss carryforwards	2010-2029	$ 9,115
Non-U.S. net operating loss and tax credit carryforwards	Indefinite	1,830
Non-U.S. net operating loss and tax credit carryforwards	2009-2029	3,027
U.S. alternative minimum tax credit	Indefinite	660
U.S. general business credits (a)	2012-2029	1,689
U.S. foreign tax credits	2011-2018	2,559
Total		$ 18,880

(a) The general business credits are principally comprised of research and experimentation credits.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance and related considerations (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Beginning balance	$ 42,666	$ 59,777	$ 42,208	$ 6,523
Additions (Reversals)				
U.S.	2,226	(14,474)	14,146	31,072
Canada	405	(802)	759	2,435
Germany	67	(792)	140	1,927
Spain	(40)	(200)	1,109	31
Brazil	1	(442)	(135)	16
South Korea	(221)	321	724	—
Australia	7	190	340	—
U.K.	109	62	330	—
Sweden	33	(1,057)	(58)	1,232
Other	28	83	214	(1,028)
Ending balance	$ 45,281	$ 42,666	$ 59,777	$ 42,208

In July 2009, as a result of the 363 Sale and fresh-start reporting, adjustments were required to valuation allowances, which resulted in a net decrease in valuation allowances of $20.7 billion. The net decrease was primarily the result of a U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between the fresh-start reporting fair value and tax bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by Old GM, and a foreign tax attribute reduction of $0.9 billion and release of allowances of $0.7 billion.

Old GM Valuation Allowance Reversals

Brazil – In 2005 Old GM recorded full valuation allowances against its net deferred tax assets in Brazil. Old GM generated taxable income in Brazil in each of the years 2006 through 2008 and, accordingly, reversed a portion of these valuation allowances. Although Old GM was forecasting future taxable income for its Brazilian operation at the end of 2008, as a result of liquidity concerns at the U.S. parent company and the increasing instability of the global economic environment, Old GM concluded that it was more likely than not that it would not realize the net deferred tax assets in Brazil at December 31, 2008. The U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and the Brazilian operations continue to demonstrate the ability to generate taxable income. As it is now more likely than not that the net deferred tax assets in Brazil will be realized, Old GM reversed the associated valuation allowance of $465 million. This amount is included in Income tax expense (benefit) in the period January 1, 2009 through July 9, 2009.

Other jurisdictions – In the three months ended December 31, 2008 significant additional concerns arose related to the U.S. parent company's liquidity and the increasing instability of the global economic environment. As a result, Old GM determined that it was more likely than not that it would not realize the net deferred tax assets in most remaining jurisdictions, even though these entities were not in three-year adjusted cumulative loss positions. Old GM established additional valuation allowances of $481 million against net deferred tax assets of entities in Argentina, Austria, Belgium, Brazil (separate legal entity from that previously discussed), Chile, Colombia, Ecuador, Finland, Germany (separate legal entities from that subsequently discussed), Hungary, Indonesia, Ireland, Italy, Kenya, South Korea (separate legal entity from that subsequently discussed), Netherlands, New Zealand, Norway, Peru, Philippines,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Poland, Portugal, Russia, South Africa, Switzerland, Taiwan, Turkey, Uruguay, U.S. state jurisdiction (Texas), and Venezuela. The U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many of these entities continue to generate and forecast taxable income. Therefore, to the extent there was no other significant negative evidence, Old GM concluded that it is more likely than not that Old GM will realize the deferred tax assets in these jurisdictions and reversed valuation allowances of $286 million. This amount is included in Income tax expense (benefit) in the period January 1, 2009 through July 9, 2009.

Other Valuation Allowances

South Korea – In the three months ended December 31, 2008 Old GM determined that it was more likely than not that it would not realize its net deferred tax assets, in whole or in part, in South Korea and recorded full valuation allowances of $725 million against its net deferred tax assets in South Korea. Old GM was in a three-year adjusted cumulative loss position and its near-term and mid-term financial outlook for automotive market conditions was more challenging than believed in the three months ended September 30, 2008.

Australia – In the three months ended December 31, 2008 Old GM determined that it was more likely than not that it would not realize its net deferred tax assets, in whole or in part, in Australia and recorded a full valuation allowance of $284 million against Old GM's net deferred tax assets in these tax jurisdictions. Old GM was in a three-year adjusted cumulative loss position in 2008 and anticipated being in such a position throughout the mid-term forecast period. The current economic downturn has affected Australian forecasted production volumes and caused significant actual and forecast pre-tax profit deterioration in the three months ended December 31, 2008.

United Kingdom and Spain – In the three months ended March 31, 2008 Old GM determined that it was more likely than not that it would not realize its net deferred tax assets, in whole or in part, in Spain and the United Kingdom and recorded full valuation allowances of $379 million against Old GM's net deferred tax assets in these tax jurisdictions.

In the United Kingdom, Old GM was in a three-year adjusted cumulative loss position and its near-term and mid-term financial outlook for automotive market conditions was more challenging than believed in the three months ended December 31, 2007. Old GM's outlook deteriorated based on its projections of the combined effects of the challenging foreign currency exchange environment and unfavorable commodity prices. Additionally, Old GM increased its estimate of the potential costs that may arise from the regulatory and tax environment relating to CO_2 emissions in the European Union (EU), including legislation enacted or announced in 2008.

In Spain, although Old GM was not in a three-year adjusted cumulative loss position its near-term and mid-term financial outlook deteriorated significantly in the three months ended March 31, 2008 such that Old GM anticipated being in a three-year adjusted cumulative loss position in the near- and mid-term. In Spain, as in the United Kingdom, Old GM's outlook deteriorated based on its projections of the combined effects of the foreign currency exchange environment and commodity prices, including its estimate of the potential costs that may arise from the regulatory and tax environment relating to CO_2 emissions.

Old GM established a valuation allowance in the year ended 2007 against its Spanish deferred tax assets related to investment tax credits, which Old GM does not expect will be realizable under a more likely than not threshold.

United States, Canada and Germany – In the three months ended September 30, 2007 Old GM recorded a charge of $39.0 billion related to establishing full valuation allowances against its net deferred tax assets in the U.S., Canada and Germany. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence which is objective and verifiable, such as cumulative losses in recent years. Old GM utilized a rolling twelve quarters of results as a measure of its cumulative losses in recent years. Old GM then adjusted those historical results to remove certain unusual items and charges. In the U.S., Canada and Germany, Old GM's analysis performed in the three months ended September 30, 2007 indicated that it had cumulative three year historical losses on an adjusted basis. This is considered significant negative evidence which is objective and verifiable and therefore, difficult

Table of Contents

to overcome. In addition, Old GM's near-term financial outlook in the U.S., Canada and Germany deteriorated in the three months ended December 31, 2007. While Old GM's long-term financial outlook in the U.S., Canada and Germany was positive at the time of the analysis, Old GM concluded that its ability to rely on its long-term outlook as to future taxable income was limited due to uncertainty created by the weight of the negative evidence, particularly:

- The possibility for continued or increasing price competition in the highly competitive U.S. market. This was seen in the three months ended September 30, 2007 when a competitor introduced its new fullsize trucks and offered customer incentives to gain market share. Accordingly, Old GM increased customer incentives on its recently launched fullsize trucks, which were not previously anticipated;
- Continued volatile oil prices and the possible effect that may have on consumer preferences related to Old GM's most profitable products, fullsize trucks and sport utility vehicles;
- Uncertainty over the effect on Old GM's cost structure from more stringent U.S. fuel economy and global emissions standards which may require Old GM to sell a significant volume of alternative fuel vehicles across its portfolio;
- Uncertainty as to the future operating results of GMAC's mortgage business, and
- Acceleration of tax deductions for OPEB liabilities as compared to prior expectations due to changes associated with the 2008 UAW Settlement Agreement.

Accordingly, based on these circumstances and uncertainty regarding Old GM's future taxable income, Old GM recorded full valuation allowances against these net deferred tax assets in the three months ended September 30, 2007.

Sweden – Saab filed for bankruptcy protection under the laws of Sweden in February 2009 and was deconsolidated. Though reconsolidated in August, Saab's assets and liabilities were classified as held for sale. As a result, Saab deferred income taxes and associated valuation allowances, included in our consolidated amounts in years prior to 2009, are not included subsequent to its February 2009 deconsolidation.

If, in the future, we generate three-year adjusted cumulative profits in tax jurisdictions where we have recorded full valuation allowances, our conclusion regarding the need for valuation allowances in these tax jurisdictions could change, resulting in the reversal of some or all of such valuation allowances. If we generate taxable income in tax jurisdictions prior to overcoming negative evidence such as a three-year adjusted cumulative loss, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

Uncertain Tax Positions

At December 31, 2009 the amount of gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective income tax rate in future periods after valuation allowances was $5.4 billion and $618 million. At December 31, 2008 the amount of gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective income tax rate in future periods after valuation allowances was $2.8 billion and ($26) million. At December 31, 2009 and 2008 $4.0 billion and $1.2 billion of the liability for uncertain tax positions reduced deferred tax assets relating to the same tax jurisdictions. The remaining uncertain tax positions are classified as a non-current asset or liability.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 4,096	$ 2,803	$ 2,754
Additions to tax positions recorded in the current year	1,454	1,493	208
Additions to tax positions recorded in prior years	22	594	751
Reductions to tax positions recorded in the current year	(44)	(25)	(47)
Reductions to tax positions recorded in prior years	(128)	(626)	(725)
Reductions in tax positions due to lapse of statutory limitations	—	(281)	—
Settlements	(111)	(16)	(275)
Other	121	154	137
Ending balance	$ 5,410	$ 4,096	$ 2,803

The following tables summarize information regarding interest and penalties (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ —	$ 249	$ 26
Interest expense (benefit)	$ 30	$ (31)	$ 13
Penalties	$ —	$ 30	$ 4

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Accrued interest receivable	$ 10	$ 129
Accrued interest payable	$ 275	$ 198
Accrued penalties	$ 137	$ 90

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382(a) of the Internal Revenue Code. In Germany, we have net operating loss carryforwards for corporate income tax and trade tax purposes. We have applied for, and expect approval of a ruling from the German tax authorities regarding the availability of those losses. If approved, we should be able to continue to carry over those losses despite the reorganizations that have taken place in Germany in 2008 and 2009. In Australia, we have net operating loss carryforwards which are now subject to meeting an annual "Same Business Test" requirement. We will have to assess the ability to utilize these carryforward losses annually.

In the U.S., Old GM federal income tax returns for 2004 through 2006 were audited by the Internal Revenue Service (IRS), and the review was concluded in February 2010. The IRS is currently auditing Old GM federal tax returns for 2007 and 2008. The IRS is also reviewing the January 1 through July 9, 2009 Old GM tax year as part of the IRS Compliance Assurance Process (CAP), a pre-file examination process. Our July 10, 2009 through December 31, 2009 tax year is also under IRS CAP review. In addition to the U.S., income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2001 to 2009 with various significant tax jurisdictions. These open years contain matters that could be

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. We have continuing responsibility for Old GM's open tax years. We record, and Old GM previously recorded, a tax benefit only for those positions that meet the more likely than not standard.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010. We do not anticipate significant adjustments will result from these final closings.

Within the next twelve months, we expect to reach agreement with the IRS on all issues affecting Old GM federal returns and our July 10, 2009 through December 31, 2009 federal return. We believe we have adequate reserves established, and any outcome will not have a material effect on our results of operations, financial position or cash flows. At December 31, 2009 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits over the next 12 months.

Note 23. Fair Value Measurements

Fair Value Measurements on a Recurring Basis

The following tables summarize the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor Fair Value Measurements on a Recurring Basis at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents				
United States government and agency	$ —	$ 580	$ —	$ 580
Certificates of deposit	—	2,140	—	2,140
Money market funds	7,487	—	—	7,487
Commercial paper	—	969	—	969
Marketable securities				
Equity	15	17	—	32
United States government and agency	—	19	—	19
Mortgage and asset-backed	—	22	—	22
Certificates of deposit	—	8	—	8
Foreign government	—	24	—	24
Corporate debt	—	29	—	29
Restricted cash				
Money market funds	12,662	—	—	12,662
Government of Canada bonds	—	955	—	955
Other assets				
Equity	13	—	—	13
Derivatives				
Commodity	—	11	—	11
Foreign currency	—	90	33	123
Other	—	25	—	25
Total assets	$ 20,177	$ 4,889	$ 33	$ 25,099
Liabilities				
Derivatives				
Foreign currency	$ —	$ 9	$ 705	$ 714
Total liabilities	$ —	$ 9	$ 705	$ 714

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor			
	Fair Value Measurements on a Recurring Basis at December 31, 2008			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents				
Certificates of deposit	$ —	$ 2,375	$ —	$ 2,375
Commercial paper	—	1,645	—	1,645
Marketable securities				
Equity	9	15	—	24
United States government and agency	—	4	—	4
Mortgage- and asset-backed	—	—	66	66
Certificates of deposit	—	11	—	11
Foreign government	—	19	—	19
Corporate debt	—	17	—	17
Restricted cash				
Certificates of deposit	—	26	—	26
Commercial paper	—	59	—	59
Other assets				
Equity	5	—	—	5
Derivatives				
Interest rate swaps	—	368	3	371
Foreign currency	—	1,228	—	1,228
Commodity	—	35	1	36
Total assets	$ 14	$ 5,802	$ 70	$ 5,886
Liabilities				
Derivatives				
Cross currency swaps	$ —	$ 377	$ —	$ 377
Interest rate swaps	—	3	3	6
Foreign currency	—	258	2,144	2,402
Commodity	—	571	18	589
Other	—	—	164	164
Total liabilities	$ —	$ 1,209	$ 2,329	$ 3,538

Transfers In and/or Out of Level 3

At June 30, 2009 Old GM's mortgage- and asset-backed securities were transferred from Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

For periods presented after June 1, 2009 nonperformance risk for us and Old GM was not observable through the credit default swap market as a result of the Chapter 11 Proceedings and the lack of traded instruments for us after the 363 Sale. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3. Our nonperformance risk remains not directly observable through the credit default swap market at December 31, 2009 and accordingly the derivative contracts for certain foreign subsidiaries remain classified in Level 3.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Accordingly, foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

In December 2008 Old GM transferred foreign currency derivatives with a fair value of $2.1 billion from Level 2 to Level 3. These derivatives relate to certain of Old GM's foreign consolidated subsidiaries where Old GM was not able to determine observable credit

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ratings. Prior to December 31, 2008, these derivatives were valued based on our credit rating which was observable through the credit default swap market. At December 31, 2008 the fair value of these foreign currency derivative contracts was estimated based on the credit rating of comparable local companies with similar credit profiles and observable credit ratings together with internal bank credit ratings obtained from the subsidiary's lenders.

The following tables summarize the activity in the balance sheet accounts for financial instruments classified in Level 3 of the valuation hierarchy (dollars in millions):

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities(a)	Commodity Derivatives, Net(b)	Foreign Currency Derivatives(c)	Other Derivative Instruments(a)	Other Securities(a)	Total Net Assets (Liabilities)
Balance at July 10, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	238	—	—	238
Included in Other comprehensive loss	—	—	(103)	—	—	(103)
Purchases, issuances and settlements	—	—	623	—	—	623
Transfer in and/or out of Level 3	—	—	—	—	—	—
Balance at December 31, 2009	$ —	$ —	$ (672)	$ —	$ —	$ (672)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 214	$ —	$ —	$ 214

	Predecessor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities(a)	Commodity Derivatives, Net(b)	Foreign Currency Derivatives(c)	Other Derivative Instruments(a)	Other Securities(a)	Total Net Assets (Liabilities)
Balance at January 1, 2009	$ 49	$ (17)	$ (2,144)	$ (164)	$ 17	$ (2,259)
Total realized/unrealized gains (losses)						
Included in earnings	(2)	13	26	164	(5)	196
Included in Other comprehensive loss	—	—	(2)	—	—	(2)
Purchases, issuances and settlements	(14)	4	105	—	(7)	88
Transfer in and/or out of Level 3	(33)	—	585	—	(5)	547
Balance at July 9, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 28	$ —	$ —	$ 28

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	Level 3 Financial Assets and (Liabilities)						
	Mortgage-backed Securities(a)	Commodity Derivatives(b)	Foreign Currency Derivatives(c)	Corporate Debt Securities(a)	Other Derivative Instruments(a)	Other Securities(a)	Total Net Assets (Liabilities)
Balance at January 1, 2008	$ 283	$ 257	$ —	$ 28	$ —	$ 260	$ 828
Total realized/unrealized gains (losses)							
Included in earnings	(39)	28	—	23	—	(65)	(53)
Included in Other comprehensive loss	1	—	—	—	—	7	8
Purchases, issuances and settlements	(196)	(302)	—	(51)	(164)	(185)	(898)
Transfer in and/or out of Level 3	—	—	(2,144)	—	—	—	(2,144)
Balance at December 31, 2008	$ 49	$ (17)	$ (2,144)	$ —	$ (164)	$ 17	$ (2,259)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ (6)	$ 28	$ (775)	$ —	$ —	$ (1)	$ (754)

(a) Realized gains (losses) and other than temporary impairments on marketable securities (including the UST warrants outstanding until the closing of the 363 Sale) are recorded in Interest income and other non-operating income, net.

(b) Prior to July 10, 2009 realized and unrealized gains (losses) on commodity derivatives are recorded in Cost of sales. Changes in fair value are attributable to changes in base metal and precious metal prices. Beginning July 10, 2009 realized and unrealized gains (losses) on commodity derivatives are recorded in Interest income and other non-operating income, net.

(c) Prior to July 10, 2009 realized and unrealized gains (losses) on foreign currency derivatives are recorded in the line item associated with the economically hedged item. Beginning July 10, 2009 realized and unrealized gains (losses) on foreign currency derivatives are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income (loss).

Short-Term and Long-Term Debt

We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

Old GM determined the fair value of debt based on quoted market prices for the same or similar issues or based on the current rates offered for debt of similar remaining maturities.

The following table summarizes the carrying amount and estimated fair values of short-term and long-term debt including capital leases for which it is practical to estimate fair value (dollars in millions):

	Successor	Predecessor
	December 31, 2009	December 31, 2008
Carrying amount (a)	$ 15,783	$ 45,938
Fair value (a)	$ 16,024	$ 16,986

(a) Accounts and notes receivable, net and Accounts payable (principally trade) are not included because the carrying amount approximates fair value due to their short-term nature.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 24. Restructuring and Other Initiatives

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to preserve adequate liquidity, to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are primarily recorded in Cost of sales and Selling, general and administrative expense.

In May 2009 Old GM and the UAW entered into an agreement that suspended the JOBS Program which was replaced with the SUB and TSP. These job security programs provide reduced wages and employees continue to receive coverage under certain employee benefit programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees.

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. In determining which dealerships would remain in our network we performed careful analyses of volumes and consumer satisfaction indexes, among other criteria. Wind-down agreements with over 2,000 retail dealers have been executed. The retail dealers executing wind-down agreements have agreed to terminate their dealer agreements with us prior to October 31, 2010. Our plan was to reduce dealerships in the United States and Canada to approximately 3,600 to 4,000 and 450 to 480 in the long-term. However, in December 2009 President Obama signed legislation giving U.S. dealers access to neutral arbitration should they decide to contest the wind-down of their dealership. Under the terms of the legislation we have informed dealers as to why their dealership received a wind-down agreement. In turn, dealers were given a timeframe to file for reinstatement through the American Arbitration Association. Under the law decisions in these arbitration proceedings must generally be made by June 2010 and are binding and final. We have sent letters to over 2,000 of our dealers explaining the reasons for their wind-down agreements and over 1,100 dealers have filed for arbitration. In response to the arbitration filings we reviewed each of the dealer reinstatement claims filed with the American Arbitration Association. Our review resulted in over 600 letters of intent sent to dealers, containing our core business criteria for operation of a dealership, which upon compliance by the dealer, would result in reinstatement of the dealership. We expect to have the overall arbitration and reinstatement process fundamentally resolved in 2010. Due to the reinstatement of dealerships and the uncertainty of the outcome of the remaining binding arbitration cases we expect the number of dealerships in our network to exceed the previously estimated range.

Refer to Note 25 for asset impairment charges related to our restructuring initiatives and Note 19 for pension and other postretirement benefit charges resulting from our hourly and salaried employee separation initiatives, including special attrition programs.

The following table summarizes restructuring reserves (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Successor			
	GMNA	GME	GMIO	Total
Balance at July 10, 2009	$2,905	$433	$ 48	$ 3,386
Additions	44	37	85	166
Interest accretion and other	15	35	—	50
Payments	(994)	(61)	(128)	(1,183)
Revisions to estimates	30	—	(2)	28
Effect of foreign currency	88	7	4	99
Balance at December 31, 2009 (a)	$2,088	$451	$ 7	$ 2,546

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor			
	GMNA	GME	GMIO	Total
Balance at January 1, 2007	$ 1,339	$ 407	$ 5	$ 1,751
Additions	382	537	63	982
Interest accretion and other	21	30	—	51
Payments	(872)	(439)	(65)	(1,376)
Revisions to estimates	(67)	(15)	—	(82)
Effect of foreign currency	65	60	1	126
Balance at December 31, 2007	868	580	4	1,452
Additions	2,165	242	130	2,537
Interest accretion and other	41	62	—	103
Payments	(745)	(368)	(53)	(1,166)
Revisions to estimates	320	(18)	(3)	299
Effect of foreign currency	(193)	(30)	(20)	(243)
Balance at December 31, 2008	2,456	468	58	2,982
Additions	1,835	20	65	1,920
Interest accretion and other	16	11	—	27
Payments	(1,014)	(65)	(91)	(1,170)
Revisions to estimates	(401)	—	9	(392)
Effect of foreign currency	50	(1)	7	56
Balance at July 9, 2009	2,942	433	48	3,423
Effect of application of fresh-start reporting	(37)	—	—	(37)
Ending balance including effect of application of fresh-start reporting	$ 2,905	$ 433	$ 48	$ 3,386

(a) The remaining cash payments related to these restructuring reserves primarily relate to postemployment benefits to be paid.

GM

GMNA recorded charges, interest accretion and other, and revisions to estimates that increased the restructuring reserves by $89 million in the period July 10, 2009 through December 31, 2009 for separation programs primarily related to the following initiatives:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.
- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees, such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates of $72 million in the period July 10, 2009 through December 31, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $83 million in the period July 10, 2009 through December 31, 2009, which includes separation charges of $72 million related to restructuring programs in Australia for salaried and hourly employees.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 (dollars in millions):

	Successor		
	U.S.	Canada and Mexico	Total
Balance at July 10, 2009	$ 398	$ 118	$ 516
Additions	229	46	275
Payments	(167)	(118)	(285)
Transfer to legal reserve	—	(17)	(17)
Effect of foreign currency	—	12	12
Balance at December 31, 2009	$ 460	$ 41	$ 501

Restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 increased primarily due to additional accruals recorded for wind-down payments to Saturn dealerships related to the decision in September 2009 to wind-down the Saturn brand and dealership network in accordance with the deferred termination agreements that Saturn dealers have signed with us.

Old GM

GMNA recorded charges, interest accretion and other, and revisions to estimates of $1.5 billion in the period January 1, 2009 through July 9, 2009 for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 Special Attrition Program and the Second 2009 Special Attrition Program.
- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.
- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 Special Attrition Programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.
- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.
- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program at the Oshawa Facility.

GME recorded charges, interest accretion and other, and revisions to estimates of $31 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $74 million in the period January 1, 2009 through July 9, 2009 for separation programs primarily related to the following initiatives:

- Separation charges of $48 million related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.
- Separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period January 1, 2009 through July 9, 2009 (dollars in millions):

	Predecessor		
	U.S.	Canada and Mexico	Total
Balance at January 1, 2009	$ —	$ —	$ —
Additions	398	120	518
Payments	—	(2)	(2)
Balance at July 9, 2009	$398	$ 118	$516

GMNA recorded charges, interest accretion and other, and revisions to estimates of $2.5 billion in the year ended 2008 for separation programs related to the following initiatives:

- Postemployment benefit costs in the U.S. and Canada of $2.1 billion, which was comprised of $1.7 billion related to previously announced capacity actions and $407 million for special attrition programs.
- Revisions to estimates that increased the reserve of $320 million.
- Separation charges of $40 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

GME recorded charges, interest accretion and other, and revisions to estimates of $286 million in the year ended 2008 for separation programs related to the following initiatives:

- Separation charges in Germany of $107 million related to early retirement programs, along with additional minor separations under other current programs.
- Separation charges in Belgium of $92 million related to current and previously announced programs, having previously recorded $341 million in the year ended 2007.
- Separation charges of $43 million related to separation programs and the cost of previously announced initiatives, which include voluntary separations, in Sweden, the United Kingdom, Spain and France.

GMIO recorded charges and revisions to estimates of $127 million in the year ended 2008 primarily related to separation charges of $51 million in South Africa and South America, and separation charges of $76 million related to a facility idling in Australia.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $336 million in the year ended 2007 for separation programs related to the following initiatives:

- Postemployment benefit costs of $364 million, which was comprised of $333 million for previously announced capacity actions in the U.S. and Canada and $31 million for special attrition programs.
- Revisions to estimates to decrease the reserve of $67 million.
- Separation charges of $18 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GME recorded charges, interest accretion and other, and revisions to estimates of $552 million in the year ended 2007 for separation programs related to the following initiatives:

- Separation charges in Belgium of $341 million related to current and previously announced programs.
- Separation charges in Germany of $151 million and postemployment liability adjustments of $21 million. These charges and adjustments were primarily related to early retirement programs, along with additional minor separations.
- Separation charges of $45 million related to initiatives announced in 2006. These included separations in Sweden and the United Kingdom and the closure of the Portugal assembly facility.
- Revisions to estimates to decrease the reserve of $15 million related to programs in Germany and Belgium.

GMIO recorded charges of $63 million in the year ended 2007 primarily related to charges of $22 million for employee separations in Brazil and charges of $41 million related to a voluntary employee separation program in Australia.

Note 25. Impairments

The following table summarizes impairment charges (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
GMNA				
Goodwill	$ —	$ —	$ 154	$ —
Intangibles assets	21	—	—	—
Product-specific tooling assets	1	278	291	240
Cancelled powertrain programs	—	42	120	—
Equity and cost method investments	4	28	119	—
Vehicles leased to rental car companies	—	11	160	44
Automotive retail leases (a)	—	—	220	—
Other than temporary impairment charges on debt and equity securities (b)	—	—	47	72
Total GMNA impairment charges	26	359	1,111	356
GME				
Goodwill	—	—	456	—
Product-specific tooling assets	—	237	497	—
Vehicles leased to rental car companies	18	36	222	90
Total GME impairment charges	18	273	1,175	90
GMIO				
Product-specific tooling assets	1	7	72	19
Asset impairment charges related to restructuring initiatives	—	—	30	—
Other long-lived assets	—	2	—	—
Total GMIO impairment charges	1	9	102	19
Corporate				
Other than temporary impairment charges on debt and equity securities (b)	—	11	15	—
Automotive retail leases	—	16	157	—
GMAC Common Membership Interests	—	—	7,099	—
GMAC common stock	270	—	—	—
GMAC Preferred Membership Interests	—	—	1,001	—
Total Corporate impairment charges	270	27	8,272	—
Total impairment charges	$ 315	$ 668	$ 10,660	$ 465

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) The year ended 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

(b) Refer to Note 6 and Note 23 for additional information on marketable securities and financial instruments measured at fair value on a recurring basis. The impairment charges were recorded in Interest income and other non-operating income, net.

The following tables summarize assets measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

		Fair Value Measurements Using			
	Successor				
	Period Ended December 31, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 10, 2009 Through December 31, 2009 Total Losses
Product-specific tooling assets (b)	$ —	—	—	$ —	$ (2)
Equity and cost method investments (other than GMAC)	$ 1	—	—	$ 1	$ (4)
Vehicles leased to rental car companies (c)	$ 543-567	—	—	$ 543-567	$ (18)
GMAC common stock	$ 970	—	—	$ 970	$ (270)
Intangible assets	$ —	—	—	$ —	$ (21)
					$ (315)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the period July 10, 2009 through September 30, 2009 and in the fourth quarter of 2009 we recorded impairment charges of $1 million each to write down product-specific tooling assets to their fair value of $0.

(c) In the period July 10, 2009 through September 30, 2009 we recorded impairment charges of $12 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the fourth quarter we recorded an impairment charge of $6 million to write down vehicles leased to rental car companies to their fair value of $567 million.

		Fair Value Measurements Using			
	Predecessor				
	Period Ended July 9, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	January 1, 2009 Through July 9, 2009 Total Losses
Product-specific tooling assets(b)	$ 0-85	—	—	$ 0-85	$ (522)
Cancelled powertrain programs	$ —	—	—	$ —	$ (42)
Other long-lived assets					
Equity and cost method investments (other than	$ —	—	—	$ —	$ (2)
GMAC)	$ —	—	—	$ —	$ (28)
Vehicles leased to rental car companies(c)	539-			539-	
Automotive retail leases	$ 2,057	—	—	$ 2,057	$ (47)
	$ 1,519	—	—	$ 1,519	$ (16)
					$ (657)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the first quarter we recorded impairment charges of $285 million to write down product-specific tooling assets to their fair value of $85 million. In the second quarter we recorded impairment charges of $237 million to write down product-specific tooling assets to their fair value of $0.

(c) In the first quarter we recorded impairment charges of $29 million to write down vehicles leased to rental car companies to their fair value $2.1 billion. In the second quarter we recorded impairment charges of $17 million to write down vehicles leased to

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

rental car companies to their fair value of $543 million. In the period July 1, 2009 through July 9, 2009 we recorded impairment charges of $1 million to write down vehicles leased to rental car companies to their fair value of $539 million.

		Fair Value Measurements Using Predecessor			
	Year Ended December 31, 2008 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2008 Total Losses
GMAC Common Membership interests (b)	612-			612-	
GMAC Preferred Membership interests (c)	$ 5,391	—	—	$ 5,391	$ (7,099)
	$ 43-902	—	—	$ 43-902	$ (1,001)
Equity and Cost Method Investments (other than GMAC) (d)	$ 0-6	—	—	$ 0-6	$ (119)
					$ (8,219)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the first quarter we recorded an impairment charge of $1.3 billion to write down our investment in GMAC Common Membership Interests to its fair value of $5.4 billion. In the second quarter we recorded an impairment charge of $726 million to write down our investment in GMAC Common Membership Interests to its fair value of $3.5 billion. In the fourth quarter we recorded an impairment charge of $5.1 billion to write down our investment in GMAC Common Membership Interests to its fair value of $612 million.

(c) In the first quarter we recorded an impairment charge of $142 million to write down our investment in GMAC Preferred Membership Interests to its fair value of $902 million. In the second quarter we recorded an impairment charge of $608 million to write down our investment in GMAC Preferred Membership Interests to its fair value of $294 million. In the third quarter we recorded an impairment charge of $251 million to write down our investment in GMAC Preferred Membership Interests to its fair value of $43 million.

(d) In the fourth quarter, we recorded an impairment charge related to our investment in NUMMI of $94 million to write our investment down to its fair value of $0 and an impairment charge related to our investment in CAMI of $25 million to write our investment down to its fair value of $6 million.

As a result of the adoption of ASC 820-10 in January 2009 fair value disclosures related to nonfinancial assets and liabilities measured on a nonrecurring basis for the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 are subsequently discussed.

GM

July 10, 2009 Through December 31, 2009

GMNA

Intangible assets related to product-specific technology were adjusted to their fair value at the time of impairment, resulting in impairment charges of $21 million in the period July 10, 2009 through December 31, 2009. Fair value measurements utilized projected cash flows, discounted at a rate commensurate with the perceived business risks related to technology.

GMNA recorded contract cancellation charges of $80 million related to the cancellation of certain product programs.

GME

Equipment on operating leases, net is comprised of vehicles leased to rental car companies, which were adjusted to their fair value at the time of impairment, resulting in impairment charges of $18 million in the period July 10, 2009 through December 31, 2009. Fair value measurements utilized projected cash flows from vehicle sales at auction.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMIO

GMIO recorded contract cancellation charges of $2 million related to the cancellation of certain product programs.

Corporate

At July 10, 2009 our application of fresh-start reporting resulted in adjustments of $1.3 billion and $629 million to our investments in GMAC common and GMAC preferred stock to record these investments at their estimated fair value of $1.3 billion and $665 million. In the period July 10, 2009 through December 31, 2009 we received distributions on GMAC common stock of $72 million which decreased the carrying amount of our investment in GMAC common stock.

At December 31, 2009 we determined that indicators were present that suggested our investments in GMAC common and preferred stock could be impaired. Such indicators included the continuing deterioration in GMAC's mortgage operations, as evidenced by the strategic actions GMAC took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in GMAC recording an increase in its provision for loan losses of $2.4 billion in the fourth quarter of 2009. These indicators also included GMAC's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009, which diluted our investment in GMAC common stock from 24.5% to 16.6%.

As a result of these impairment indicators, we evaluated the fair value of our investments in GMAC common and preferred stock and recorded an impairment charge of $270 million related to our GMAC common stock to record the investment at its estimated fair value of $970 million. We determined the fair value of these investments using valuation methodologies that were consistent with those we used in our application of fresh-start reporting. In applying these valuation methodologies at December 31, 2009, however, we updated the analyses to reflect changes in market comparables and other relevant assumptions.

Old GM

January 1, 2009 Through July 9, 2009

GMNA

Product-specific tooling assets were adjusted to their fair value at the time of impairment, resulting in impairment charges of $278 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows, discounted at rates commensurate with the perceived business risks related to the assets involved.

Cancelled powertrain programs were adjusted to their fair value at the time of impairment, resulting in impairment charges of $42 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized discounted projected cash flows.

GMNA recorded contract cancellation charges of $157 million related to the cancellation of certain product programs.

CAMI at the time an equity method investee, was adjusted to its fair value, resulting in an impairment charge of $28 million in the three months ended March 31, 2009. The fair value measurement utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the investment. In March 2009 Old GM determined that due to changes in contractual arrangements, CAMI became a VIE and Old GM was the primary beneficiary, and therefore CAMI was consolidated.

Equipment on operating leases, net is comprised of vehicles leased to rental car companies, which were adjusted to their fair value at the time of impairment, resulting in impairment charges of $11 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows from vehicle sales at auction.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GME

Product-specific tooling assets were adjusted to their fair value at the time of impairments, resulting in impairment charges of $237 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows, discounted at rates commensurate with the perceived business risks related to the assets involved.

GME recorded contract cancellation charges of $12 million related to the cancellation of certain product programs.

Equipment on operating leases, net is comprised of vehicles leased to rental car companies, which were adjusted to their fair value at the time of impairment, resulting in impairment charges of $36 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized projected cash flows from vehicle sales at auction.

GMIO

Product-specific tooling assets were adjusted to their fair value at the time of impairments, resulting in impairment charges of $7 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized certain Level 3 inputs, which included projected cash flows, discounted at rates commensurate with the perceived business risks related to the assets involved.

GMIO recorded contract cancellation charges of $8 million related to the cancellation of certain product programs.

Corporate

Automotive retail leases were adjusted to their fair value at the time of impairment, resulting in impairment charges of $16 million in the period January 1, 2009 through July 9, 2009. Fair value measurements utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

2008

GMNA

Goodwill impairment charges of $154 million in the year ended 2008 related to sharply reduced forecasts of automotive sales in the near- and medium-term. Fair value measurements utilized discounted projected cash flows.

NUMMI and CAMI, at the time were equity method investees involved in various aspects of the development and production of vehicles, were adjusted to their fair value, resulting in impairment charges of $94 million and $25 million in the year ended 2008. Fair value measurements utilized projected cash flows, discounted at a rate commensurate with the perceived business risks related to the investments.

GME

Goodwill impairment charges of $456 million in the year ended 2008 related to sharply reduced forecasts of automotive sales in the near- and medium-term. Fair value measurements utilized discounted projected cash flows.

Corporate

In 2008 recessions in the United States and Western Europe and a slowdown in economic growth in the rest of the world negatively affected residential and homebuilding markets and consumer demand for less fuel efficient vehicles, particularly fullsize trucks and sport utility vehicles. In addition, instability of the credit and mortgage markets resulted in an extreme lack of liquidity resulting in prominent North American financial institutions declaring bankruptcy, being seized by the Federal Deposit Insurance Corporation or being sold at distressed valuations, and culminated in the U.S. and foreign governments providing various forms of capital infusions

Table of Contents

to financial institutions. These economic factors negatively affected GMAC's global automotive business as well as GMAC's mortgage operations, which resulted in significant losses including impairment charges of $1.2 billion on GMAC's portfolio of automotive retail leases in the year ended 2008. As a result of these events, Old GM evaluated its investments in GMAC Common and Preferred Membership Interests, determined that they were impaired and recorded impairment charges on these investments of $7.1 billion and $1.0 billion in the year ended 2008.

In order to determine the fair value of Old GM's investment in GMAC Common Membership Interests at March 31, June 30 and September 30, 2008, Old GM determined GMAC's fair value by applying various valuation techniques, which used Level 3 inputs, to its significant business units and then applied its 49% equity interest to the resulting fair value.

- Auto Finance – Old GM obtained industry data, such as equity and earnings ratios for other industry participants, and developed average multiples for these companies based upon a comparison of their businesses to Auto Finance.

- Insurance – Old GM developed a peer group, based upon such factors as equity and earnings ratios and developed average multiples for these companies.

- Mortgage Operations – Old GM previously obtained industry data for an industry participant that Old GM believed to be comparable, and also utilized the implied valuation based on an acquisition of an industry participant who was believed to be comparable. Due to prevailing market conditions at September 30, 2008 Old GM did not believe that comparable industry participants existed; however, Old GM believed that previously available data, in conjunction with certain publicly available information incorporated into the analysis, resulted in an appropriate valuation at September 30, 2008.

- Commercial Finance Group – Old GM obtained industry data, such as price to earnings ratios, for other industry participants, and developed average multiples for these companies based upon a comparison of their businesses to the Commercial Finance Group.

At December 31, 2008 Old GM's determination of the fair value of GMAC Common Membership Interests used data from GMAC's discussions with the Board of Governors of the Federal Reserve System for approval to become a Bank Holding Company under the Bank Holding Company Act of 1956, as amended, in addition to Old GM's and GMAC's negotiations with the UST regarding potential borrowings or other capital infusions under the Automotive Industry Financing Program. As part of this process, Old GM and FIM Holdings agreed to convert Old GM's interests in the GMAC Participation Agreement to GMAC Common Membership Interests in December 2008, and to purchase additional GMAC Common Membership Interests subsequent to December 2008. The conversion of the GMAC Participation Agreement and the subsequent purchase of additional GMAC Common Membership Interests utilized a specified value per GMAC Common Membership Interest as determined and agreed to by the relevant parties to the various transactions, which Old GM subsequently utilized in its determination of GMAC's fair value, as it was believed the per share value was representative of fair value. Refer to Note 30 for additional information on the GMAC Participation Agreement.

In order to determine the fair value of Old GM's investment in GMAC Preferred Membership Interests at December 31, 2008, Old GM applied valuation techniques, which used certain Level 3 inputs, to various characteristics of the GMAC Preferred Membership Interests as follows:

- Using information as to the pricing on similar investments and changes in yields of other GMAC securities, Old GM developed a discount rate for the valuation.

- Using assumptions as to the receipt of dividends on the GMAC Preferred Membership Interests, the expected call date and a discounted cash flow model, Old GM developed a present value of the related cash flows.

At March 31, June 30, and September 30, 2008 Old GM also used these valuation techniques but the assumptions used at each valuation date varied due to differing market conditions in these periods.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 26. Other Expenses, net

The following table summarizes the components of Other expenses, net (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Operating and other expenses (income)	$ (35)	$ 22	$ 409	$ 545
Pension benefits for certain current and future retirees of Delphi	—	—	—	552
Deconsolidation of Saab expenses, net	(60)	824	—	—
Saab impairment charges	—	88	—	—
Delphi related charges (Note 21)	8	184	4,797	1,547
Depreciation and amortization expense	89	101	749	1,259
Goodwill impairment charges (Note 25)	—	—	610	—
Interest expense	13	16	134	405
Total other expenses, net	$ 15	$ 1,235	$ 6,699	$ 4,308

Interest expense and depreciation and amortization expense recorded in Other expenses, net relates to a portfolio of automotive retail leases.

Note 27. Stockholders' Equity (Deficit) and Noncontrolling Interests

GM

Common Stock

We have 2.5 billion shares of common stock authorized, with a par value of $0.01 per share. At December 31, 2009 we had 500 million shares issued and outstanding. Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our preferred stock, if any such shares are then outstanding. Pursuant to the terms of a Stockholders Agreement we entered into with certain of our stockholders, certain holders of our common stock are entitled to preemptive rights under certain circumstances.

Warrants

In connection with the 363 Sale, we issued two warrants, each to acquire 45.5 million shares of common stock, to MLC and one warrant to acquire 15.2 million shares of common stock to the New VEBA. The first of the MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $30.00 per share, and the second of the MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $55.00 per share. The New VEBA warrant is exercisable at any time prior to December 31, 2015 at an exercise price of $126.92 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Daewoo, a majority-owned and consolidated subsidiary, for KRW 491 billion (equivalent to $417 million when entered into). As a result of the participation in the equity rights

Table of Contents

offering, our ownership interest in GM Daewoo increased from 50.9% to 70.1%. Funds from our UST escrow were utilized for this rights offering.

In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net loss attributable to common stockholders and transfers from (to) noncontrolling interests (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Net loss attributable to common stockholders	$ (4,428)
Increase in capital surplus resulting from GM Daewoo equity rights offering	108
Changes from net loss attributable to common stockholders and transfers from (to) noncontrolling interests	$ (4,320)

Old GM

Preferred Stock

Old GM had 6 million shares of preferred stock authorized, without par value. The preferred stock ranked senior to its common stock and any other class of stock it previously issued. Holders of preferred stock were entitled to receive cumulative dividends, when and as declared by Old GM's Board of Directors on a quarterly basis. Old GM had no shares of preferred stock issued and outstanding at December 31, 2008.

Preference Stock

Old GM had 100 million shares of preference stock authorized, with a par value of $0.10. The preference stock was issuable in series with such voting powers, designations, powers, privileges, and rights and such qualifications, limits, or restrictions as may be determined by Old GM's Board of Directors, without stockholder approval. The preference stock ranked junior to Old GM's preferred stock and senior to its common stock. Holders of preference stock were entitled to receive dividends, which may or may not have been cumulative when and as declared by Old GM's Board of Directors. Old GM had no shares of preference stock issued and outstanding at December 31, 2008.

Common Stock

Old GM had 2.0 billion shares of common stock authorized, with a par value of $1 2/3. Old GM had 801 million shares issued and 610 million shares outstanding at December 31, 2008.

Warrants

As additional consideration for entering into the UST Loan Agreement, Old GM issued warrants to the UST for 122 million shares of common stock exercisable at $3.57 per share, which was 19.99% of the number of shares of common stock outstanding at December 31, 2008. The warrants were perpetual and were assigned a fair value of $164 million at December 31, 2008. In determining this value, Old GM utilized the observable market value of tradable call options on its common stock. The difference in terms between the warrants and the observable call options on its common stock was determined to have an insignificant effect on the value of the warrants. Key inputs in the value of the call options were Old GM's common stock price and its expected volatility on common stock returns. An increase of 10% in Old GM's common stock price would have increased the fair value of the warrants by

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

$28 million and a decrease of 10% in Old GM's common stock price would have decreased the fair value of the warrants by $26 million. An increase or decrease in volatility of 10% would have caused an increase or decrease in the fair value of the warrants of $16 million. As the warrants did not meet the accounting requirements to be classified as an equity instrument, the warrants were recorded in Other liabilities and because the warrants met the definition of a derivative, they were recorded at fair value prospectively, with changes in fair value recognized in earnings. Old GM was entitled to repurchase the warrants or shares issued through the exercise of the warrants at fair value once it had repaid amounts outstanding under the UST Loan Agreement. In connection with the 363 Sale, the UST returned the warrants previously issued to it from Old GM.

Treasury Stock

Old GM held 190 million shares of treasury stock, net of re-issuances, at December 31, 2008. Old GM accounted for treasury stock at cost, with the amount in excess of par value charged to Capital surplus (principally additional paid-in capital).

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes:

	Successor	Predecessor	
	December 31, 2009	December 31, 2008	December 31, 2007
Foreign currency translation adjustments	$ 157	$ (2,122)	$ (967)
Net unrealized gain (loss) on derivatives	(1)	(490)	321
Net unrealized gain (loss) on securities	2	(33)	265
Defined benefit plans, net	1,430	(29,694)	(13,606)
Accumulated other comprehensive income (loss)	$ 1,588	$ (32,339)	$ (13,987)

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders:

	Successor		
	July 10, 2009 Through December 31, 2009		
	Pre-tax Amount	Tax Expense (Credit)	Net Amount
Foreign currency translation adjustments	$ 135	$ 11	$ 124
Net unrealized gain on derivatives	(1)	—	(1)
Unrealized gain on securities	7	5	2
Defined benefit plans			
Prior service cost from plan amendments	112	130	(18)
Actuarial gain from plan measurements	2,702	1,247	1,455
Less: amortization of actuarial loss included in net periodic benefit cost	(6)	1	(7)
Net actuarial amounts	2,696	1,248	1,448
Defined benefit plans, net	2,808	1,378	1,430
Other comprehensive income (loss)	2,949	1,394	1,555
Less: other comprehensive (income) loss attributable to noncontrolling interests	(33)	—	(33)
Other comprehensive income (loss) attributable to common stockholders	$ 2,982	$ 1,394	$ 1,588

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor								
	January 1, 2009 Through July 9, 2009			Years Ended December 31, 2008			2007		
	Pre-tax Amount	Tax Expense (Credit)	Net Amount	Pre-tax Amount	Tax Expense (Credit)	Net Amount	Pre-tax Amount	Tax Expense (Credit)	Net Amount
Foreign currency translation gain (loss)	$ 187	$ 40	$ 147	$ (1,289)	$ 27	$ (1,316)	$ 807	$ (220)	$ 1,027
Net unrealized gain (loss) on derivatives	145	(131)	276	(1,284)	(53)	(1,231)	(452)	(142)	(310)
Unrealized gain (loss) on securities	46	—	46	(298)	—	(298)	(23)	(6)	(17)
Defined benefit plans									
Prior service benefit (cost) from plan amendments	(3,882)	(1,551)	(2,331)	449	(1)	450	(2,813)	(700)	(2,113)
Amortization of prior service cost included in net periodic benefit cost	5,162	3	5,159	(5,063)	284	(5,347)	(5)	73	(78)
Net prior service benefit (cost)	1,280	(1,548)	2,828	(4,614)	283	(4,897)	(2,818)	(627)	(2,191)
Actuarial gain (loss) from plan measurements	(2,574)	1,532	(4,106)	(14,684)	(120)	(14,564)	8,910	2,066	6,844
Amortization of actuarial loss included in net periodic benefit cost	(2,109)	22	(2,131)	3,524	159	3,365	1,723	331	1,392
Net actuarial amounts	(4,683)	1,554	(6,237)	(11,160)	39	(11,199)	10,633	2,397	8,236
Net transition assets from plan initiations	6	1	5	—	—	—	—	—	—
Amortization of transition asset /obligation included in net periodic benefit cost	(5)	(1)	(4)	11	3	8	2	4	(2)
Net transition amounts	1	—	1	11	3	8	2	4	(2)
Defined benefit plans, net	(3,402)	6	(3,408)	(15,763)	325	(16,088)	7,817	1,774	6,043
Other comprehensive income (loss)	(3,024)	(85)	(2,939)	(18,634)	299	(18,933)	8,149	1,406	6,743
Less: other comprehensive (income) loss attributable to noncontrolling interests	92	—	92	(581)	—	(581)	(340)	(97)	(243)
Other comprehensive income (loss) attributable to common stockholders	$(3,116)	$ (85)	$(3,031)	$(18,053)	$ 299	$(18,352)	$ 8,489	$1,503	$ 6,986

Note 28. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share have been computed by dividing Income (loss) from continuing operations attributable to common stockholders, Income from discontinued operations attributable to common stockholders or Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes basic and diluted earnings (loss) per share (in millions, except for per share amounts):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Basic				
Income (loss) from continuing operations attributable to common stockholders (a)	$ (10.73)	$ 178.63	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders (a)	$ (10.73)	$ 178.63	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566
Diluted				
Income (loss) from continuing operations attributable to common stockholders (a)	$ (10.73)	$ 178.55	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	8.04
Net income (loss) attributable to common stockholders (a)	$ (10.73)	$ 178.55	$ (53.47)	$ (68.12)
Weighted-average common shares outstanding	413	611	579	566

(a) The period July 10, 2009 through December 31, 2009 includes accumulated but unearned dividends of $34 million on Series A Preferred Stock, which increases Net loss attributable to common stockholders, and excludes dividends of $252 million on Series A Preferred Stock, which were paid to the New VEBA prior to December 31, 2009. The 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding until December 31, 2009 due to the terms of the 2009 Revised UAW Settlement Agreement.

GM

Due to our net loss in the period July 10, 2009 through December 31, 2009 the assumed exercise of warrants outstanding had an antidilutive effect and were therefore excluded from the computation of diluted loss per share. The number of such warrants not included in the computation of diluted loss per share was 106 million in the period July 10, 2009 through December 31, 2009.

In connection with the 363 Sale, we issued 88 million shares of our common stock to the New VEBA, which were not considered outstanding for accounting purposes until December 31, 2009 as they did not qualify as plan assets. Because these shares were not considered outstanding until December 31, 2009 they did not affect the calculation of the weighted-average common shares outstanding. Refer to Note 19 for additional information on the 2009 Revised UAW Settlement Agreement.

Under the Purchase Agreement, we are obligated to issue Adjustment Shares in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum Adjustment Shares equate to 2% (or 10 million shares) of our common stock. The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. We determined that it is probable that general unsecured claims allowed against MLC will ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, under the terms of the Purchase Agreement, we would be required to issue 2.9 million Adjustment Shares to MLC as an adjustment to the purchase price. These Adjustment Shares were excluded from the computation of basic and diluted loss per share as they were not issued or outstanding at December 31, 2009 and the effect would have been anti-dilutive, however, they may be dilutive in the future.

In November and December 2009 we granted restricted stock units (RSUs) to certain global executives. Since awards will be payable in cash if settled prior to six months after a completion of a successful initial public offering, the salary stock awards are

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

excluded from the computation of diluted loss per share. At December 31, 2009 0.3 million RSUs were outstanding. Refer to Note 29 for additional information on RSUs.

Old GM

In the period January 1, 2009 through July 9, 2009 diluted earnings per share included the potential effect of the assumed exercise of certain stock options. The number of stock options and warrants that were excluded in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares was 208 million.

Due to Old GM's net losses in the years ended 2008 and 2007, the assumed exercise of stock options and warrants had an antidilutive effect and therefore was excluded from the computation of diluted loss per share. The number of such options and warrants not included in the computation of diluted loss per share was 101 million and 104 million in the years ended 2008 and 2007.

No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures have been included in the computation of diluted income (loss) per share for the period January 1, 2009 through July 9, 2009 and in the years ended 2008 and 2007 as the conversion options in various series of convertible debentures were not in-the-money.

Note 29. Stock Incentive Plans

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan (2009 GMLTIP) and the Salary Stock Plan (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. No awards were granted under the 2009 GMLTIP in the year ended 2009.

The following table summarizes compensation expense and total Income tax expense recorded for the GMSSP (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Compensation expense	$ 23
Income tax expense	$ 8

Long-Term Incentive Plan

The 2009 GMLTIP consists of RSUs that may be granted to global executives. The RSUs provide participants with the opportunity to earn shares of stock determined by dividing the award value by the fair market value per share on the grant date. The aggregate number of shares that may be granted under this plan and the GMSSP discussed below shall not exceed 10 million shares. There were no RSUs granted under this plan in the year ended 2009.

Awards granted under the 2009 GMLTIP will generally vest over a three year service period. Compensation cost for these awards will be recorded on a straight line basis over the vesting period. The awards for the Top 25 highest compensated employees will settle in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle in 25% increments in conjunction with each 25% of the U.S. and Canadian Government loans that are repaid.

Retirement eligible participants that are non-top 25 highest compensated employees, who retire during the service period, will retain and vest a pro-rata portion of RSUs. The vested award will be payable on the third anniversary date of the grant. Compensation cost for these employees will be recognized on a straight-line basis over the requisite service period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

All awards will be payable in cash if settled prior to six months after completion of an initial public offering, therefore awards granted will be classified as a liability until the completion of an initial public offering. In the event an initial public offering is completed, awards expected to settle six months after the initial public offering will be accounted for as a modification from a liability to equity award since the awards will then be required to be settled in our common stock.

Salary Stock

In November 2009 we began granting salary stock to certain global executives under the GMSSP. Under the GMSSP, a portion of each participant's total annual compensation is accrued and converted to RSUs at each salary payment date. Effective in 2010, a portion of each participant's salary accrued on each salary payment date will be converted to RSUs on a quarterly basis. The aggregate number of shares that may be granted under this plan and the 2009 GMLTIP shall not exceed 10 million shares.

The awards are fully vested and nonforfeitable upon grant, therefore compensation cost is fully recognized on the date of grant. The awards will be settled on each of the second, third, and fourth anniversary dates of grant with each installment redeemable one year earlier if we repay the financial assistance we received from the UST under the TARP program. The awards will be payable in cash if settled prior to six months after completion of an initial public offering; therefore, these awards will be classified as a liability until the completion of an initial public offering. In the event an initial public offering is completed, awards expected to settle six months after the initial public offering will be accounted for as a modification from a liability to equity award since the awards will then be required to be settled in our common stock.

The fair value of each RSU under the 2009 GMLTIP and GMSSP is based on the fair value of our common stock. Since there currently is no observable publicly traded price for our common stock, we have developed a methodology to calculate the value of our common stock based on our discounted cash flow analysis updated through December 31, 2009. Refer to Note 2 for additional information on the key assumptions used to estimate our reorganization value at July 10, 2009 and our discounted cash flow analysis.

The following table summarizes our RSU activity under the GMSSP in the period July 10, 2009 through December 31, 2009 (RSUs in millions):

	Successor RSUs			
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
RSUs outstanding at July 10, 2009	—	$ —		
Granted	0.3	$ 49.16		
Exercised	—	$ —		
Forfeited or expired	—	$ —		
RSUs outstanding at December 31, 2009	0.3	$ 49.16	—	$ —
RSUs expected to vest at December 31, 2009	0.3	$ 49.16	—	$ —
RSUs exercisable at December 31, 2009	—	$ —	—	$ —

Old GM

Old GM's stock incentive plans were comprised of the 2007 Old GM Long-Term Incentive Plan (GMLTIP), the 2002 Old GM Stock Incentive Plan (GMSIP), the 2002 GMLTIP, the 1998 Old GM Salaried Stock Option Plan (GMSSOP), the 2007 Old GM Cash-Based Restricted Stock Unit Plan (GMCRSU) and the 2006 GMCRSU, or collectively the Old GM Stock Incentive Plans. The GMLTIP, GMSIP and the GMCRSU plans were administered by Old GM's Executive Compensation Committee of its Board of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Directors. The GMSSOP was administered by Old GM's Vice President of Global Human Resources. In connection with the 363 Sale, MLC retained the awards granted under the Old GM Stock Incentive Plans.

The following table summarizes compensation expense (benefit) and total Income tax expense (benefit) recorded for the Old GM Stock Incentive Plans (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Compensation expense (benefit)	$ (10)	$ (65)	$ 136
Income tax expense (benefit) (a)	$ —	$ 3	$ (21)

(a) Income tax expense (benefit) does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

In 2008 Old GM extended voluntary early retirement offers under its 2008 Salaried Window Program to certain of its U.S. salaried employees, including certain U.S. executives, as part of its plan to reduce salary related expenses. Under the terms of the 2008 Salaried Window Program, option awards granted to executives were modified to vest immediately and remain exercisable until the expiration date of the grant. Approximately 200 U.S. executives accepted the 2008 Salaried Window Program. The modifications of the stock option awards were accounted for as a cancellation of the original award and the issuance of a new award. The effect of this award modification on compensation expense was $6 million.

In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. Allison employees who participated in Old GM's stock incentive plans were considered terminated employees on the date of sale. Based on this change in employment status, certain outstanding nonvested share-based payment awards were forfeited. The remaining outstanding share-based payment awards were prorated for previous employment services as provided for under the original terms of the award and would remain exercisable for the earlier of three years from the date of termination, or the expiration of the option.

Stock Options

Under the GMSIP, 27 million shares of Old GM's common stock were eligible for grants from June 2002 through May 2007. Stock option grants awarded since 1997 were generally exercisable one-third after one year, another one-third after two years and fully exercisable three years from the date of grant. Option prices were 100% of fair value on the date of grant, and the options generally expired 10 years from the date of grant, subject to earlier termination under certain conditions. Old GM's policy was to issue treasury shares upon exercise of employee stock options.

In 2007 the GMSIP was replaced with the 2007 GMLTIP. Under the 2007 GMLTIP, 16 million shares of Old GM's common stock were eligible for grants from June 2007 through May 2012. Stock options granted under this plan were generally exercisable one-third after one year, another one-third after two years and fully exercisable three years from the date of grant. Option prices were 100% of fair value on the date of grant, and the options generally expired 10 years from the date of grant, subject to earlier termination under certain conditions. Old GM's policy was to issue treasury shares upon exercise of employee stock options.

The GMSSOP commenced in January 1998 and no shares were available for grants after December 2006. The number of shares that could be awarded each year was determined by Old GM's management and stock options awarded under this plan were exercisable two years from the date of grant. There were no option grants made under the plan after 2004. Option prices were 100% of fair value on the date of grant, and the options generally expired 10 years and two days from the date of grant subject to earlier termination under certain conditions.

The fair value of each option grant, except for the performance-contingent option awards as subsequently discussed, was estimated on the date of grant using the Black-Scholes option-pricing model with the weighted-average assumptions discussed in the following table. Expected volatility was based on both the implied and historical volatilities of Old GM's common stock. The expected term of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

options represented the period of time that the options were expected to be outstanding. Old GM used historical data to estimate option exercise and employee termination within the valuation model. For option grants made prior to 2008 Old GM used the modified prospective application method. The dividend yield was based on Old GM's stock price at the date of grant. The interest rate during the expected term of the option was based on the U.S. Treasury yield curve in effect at the time of the grant.

The following table summarizes assumptions used to estimate the date of grant fair value of Old GM's stock options:

	Predecessor		
	January 1, 2009 Through July 9, 2009 2007 GMLTIP	Year Ended December 31, 2008 2007 GMLTIP	Year Ended December 31, 2007 GMSIP
Interest rate	—%	3.0%	5.0%
Expected term (years)	—	7.3	6.0
Expected volatility	—%	44.6%	35.8%
Dividend yield	—%	4.3%	3.4%

The following table summarizes changes in the status of Old GM's outstanding stock options, including performance-contingent stock options which are subsequently discussed (options in millions):

	Predecessor 2007 GMLTIP			
	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at January 1, 2009	76	$ 50.90		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited or expired	(11)	$ 68.50		
Options outstanding at July 9, 2009	65	$ 47.92	3.5	$ —
Options expected to vest at July 9, 2009	4	$ 24.69	8.4	$ —
Options vested and exercisable at July 9, 2009	61	$ 49.24	3.2	$ —

	Predecessor GMSSOP			
	Shares Under Option	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Options outstanding at January 1, 2009	22	$ 55.44		
Granted	—	$ —		
Exercised	—	$ —		
Forfeited or expired	(4)	$ 67.40		
Options outstanding at July 9, 2009	18	$ 52.90	2.6	$ —
Options vested and exercisable at July 9, 2009	18	$ 52.90	2.6	$ —

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes Old GM's stock options granted or exercised under the 2007 GMLTIP and GMSIP (options in millions):

	Predecessor		
	2007 GMLTIP		GMSIP
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Options granted	—	4	3
Weighted-average grant date fair value	$ —	$ 7.29	$ 8.76
Options exercised	—	—	—
Intrinsic value of options exercised	$ —	$ —	$ 3

There were no GMSSOP options granted or exercised in the period January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007. There were no tax benefits realized from the exercise of share-based payment arrangements in the period January 1, 2009 through July 9, 2009, and the years ended 2008 and 2007.

Market-Contingent Stock Options

In March 2008 Old GM granted market-contingent option awards under the 2007 GMLTIP. These awards had a minimum one-year service vesting period followed by a four-year performance period in which all options would vest once Old GM's common stock traded at or above $40 for any 10 days within a 30 day trading period. If both vesting conditions were met, the option would expire seven years from the date of grant. If, however, the market condition was not met, the option would expire five years from the date of grant. Option prices were 100% of the fair value on the date of grant.

Old GM recognized the fair value of these options over the weighted-average derived service period of 1.8 years in the year ended 2008. The interest rates that Old GM used to determine the grant date fair value of these options were based on the term structure of the U.S. Treasury yield curve on the grant date. The volatility used was a blend of implied and historical volatilities of Old GM's common stock. The expected term was derived using the Monte-Carlo simulation model to determine fair value. The dividend yield was based upon historical dividend yields.

The following table summarizes the assumptions used to estimate the grant date fair value of the market-contingent stock options:

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest rate	—	1.7% - 3.1%
Expected term (years)	—	1.8
Expected volatility	—	44.0%
Dividend yield	—	3.2%

The following tables summarize Old GM's market-contingent stock options (options in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Options granted	—	0.7
Weighted-average grant date fair value	—	$ 7.00
Options exercised	—	—
Weighted-average exercise price	—	$ 23.13
Options forfeited or expired	—	—

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor July 9, 2009
Options outstanding	0.7
Aggregate intrinsic value	$ —
Weighted-average contractual term (years)	5.7

Summary of Nonvested Awards

The following table summarizes the status of Old GM's nonvested awards (option awards in millions):

	Predecessor	
	Shares	Weighted- Average Grant-Date Fair Value
Nonvested at January 1, 2009	7	$ 7.67
Granted	—	$ —
Vested	(3)	$ 7.65
Forfeited	—	$ 8.15
Nonvested at July 9, 2009	4	$ 7.68

At July 9, 2009 the total unrecognized compensation expense related to nonvested option awards granted under the Old GM Stock Incentive Plans was $2 million. This expense was expected to be recorded over a weighted-average period of 1.2 years.

The following table summarizes cash received from option exercises (dollars in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Cash received	$ —	$ —	$ 1

Stock Performance Plans

The 2007 GMLTIP, formerly the 2002 GMLTIP, was comprised of awards granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The target number of shares of Old GM's common stock that could be granted each year was determined by Old GM's management. The 2008 and 2007 grants each had four separate performance periods consisting of three one-year performance periods and one three-year performance period. The final award payouts could vary based on Old GM's total shareholder return, as previously discussed. There were no stock performance plan shares granted in the period January 1, 2009 to July 9, 2009.

The following table summarizes outstanding stock performance plan shares at July 9, 2009 (shares in millions):

	Predecessor	
Granted	Shares(a)	Weighted-Average Grant-Date Fair Value
2007	1	$ 33.70
2008	1	$ 18.43
Total outstanding	2	

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Excludes shares that have not met performance condition.

Old GM was required to settle these awards in cash. As a result, these cash-settled awards were recorded as a liability until the date of final award payout. The fair value of each cash-settled award was remeasured at the end of each reporting period and the liability and expense adjusted based on the change in fair value. The shares indicated in the preceding table were the targeted number of shares that would be used in the final award calculation should the targeted performance condition have been achieved. Final payout was subject to approval by Old GM's Executive Compensation Committee of the Board of Directors.

The fair value of each cash-settled award under the GMLTIP plans was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used the multiple input variables. Expected volatility was based upon a combination of the implied volatility from Old GM's tradable options and historical volatility, including the historical volatilities of other stocks in the S&P 500. The expected term of these target awards represented the remaining time in the performance period. The risk-free rate for periods during the contractual life of the performance shares was based on the U.S. Treasury yield curve in effect at the time of valuation. Since the payout depended on Old GM's total stockholder return performance ranked with the total stockholder return performance of all other S&P 500 companies, the valuation also depended on the performance of all stocks in the S&P 500 from the date of grant to the exercise date as well as estimates of the correlations among their future performance. The fair value of the performance plan shares was $0 at July 9, 2009 for the awards granted in the years ended 2008 and 2007.

The weighted-average remaining contractual term was 0.8 years for target awards outstanding at July 9, 2009. As the threshold performance required for a payment under the 2006-2008 award was not achieved, there were no cash payments made for this award in the period January 1, 2009 through July 9, 2009. There will be no cash payments for the 2007-2009 and 2008-2010 performance periods.

Cash-Based Restricted Stock Units

The 2007 and 2006 GMCRSU plans provided cash equal to the value of underlying restricted share units to certain of Old GM's global executives at predetermined vesting dates. Awards under the plan vested and were paid in one-third increments on each anniversary date of the award. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. Since the awards were settled in cash, they were recorded as a liability until the date of payment. The fair value of each cash-settled award was remeasured at the end of each reporting period and the liability and related expense adjusted based on the new fair value.

The fair value of each GMCRSU was based on Old GM's common stock price on the date of grant and each subsequent reporting period until the date of settlement.

The following tables summarize GMCRSUs (GMCRSUs in millions):

	Predecessor		
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Number of GMCRSUs granted	—	6	5
Weighted-average date of grant fair value	$ 2.24	$ 23.01	$ 29.39
Total payments made for GMCRSUs vested (millions)	$ 10	$ 60	$ 42

	Predecessor
	July 9, 2009
GMCRSUs outstanding	5
Fair value per share	$ 0.84
Weighted-average remaining contractual term (years)	1.4

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 30. Transactions with GMAC

Old GM entered into various operating and financing arrangements with GMAC (GMAC Services Agreements). In connection with the 363 Sale, we assumed the terms and conditions of the GMAC Services Agreements. The following tables describe the financial statement effects of and maximum obligations under these agreements (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Operating lease residuals		
Residual support (a)		
Liabilities recorded	$ 369	$ 705
Maximum obligation	$ 1,159	$ 1,432
Risk sharing (a)		
Liabilities recorded	$ 366	$ 1,233
Maximum obligation	$ 1,392	$ 1,724
Note payable to GMAC	$ 35	$ 35
Vehicle repurchase obligations		
Maximum obligations	$ 14,058	$ 19,836
Fair value of guarantee	$ 46	$ 8

(a) Represents liabilities recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into in 2009 do not include residual support or risk sharing programs.

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Marketing incentives and operating lease residual payments (a)	$ 695	$ 601	$ 3,400	$ 4,533
Exclusivity fee revenue	$ 47	$ 52	$ 105	$ 105
Royalty income	$ 7	$ 8	$ 16	$ 18

(a) Payments to GMAC related to U.S. marketing incentive and operating lease residual programs. Excludes payments to GMAC related to the contractual exposure limit, as subsequently discussed.

Marketing Incentives and Operating Lease Residuals

As a marketing incentive, interest rate support, residual support, risk sharing, capitalized cost reduction and lease pull-ahead programs are initiated as a way to lower customers' monthly lease and retail contractual payments.

Under an interest rate support program, GMAC is paid an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below GMAC's standard interest rate. Such marketing incentives are referred to as rate support or subvention and the amount paid at contract origination represents the present value of the difference between the customer's contractual rate and GMAC's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above GMAC's standard residual value. GMAC is reimbursed to the extent that sales proceeds are less than the customer's contract residual value, limited to GMAC's standard residual value. As it relates to GMAC's U.S. lease originations and U.S. balloon retail contract originations occurring after April 30, 2006, Old GM agreed to pay the present value of the expected residual support owed to GMAC at the time of contract origination as opposed to after contract termination when the off-lease vehicles are sold. The actual residual support amount owed to GMAC is calculated as the contracts terminate and, in cases where the actual amount differs from the expected amount paid at contract

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

origination, the difference is paid to or paid by GMAC, depending if sales proceeds are lower or higher than estimated at contract origination.

Under a risk-sharing arrangement, residual losses are shared equally with GMAC to the extent that remarketing proceeds are below GMAC's standard residual value (limited to a floor). As a result of revisions to the risk-sharing arrangement, Old GM agreed to pay GMAC a quarterly fee through 2014. Old GM accrued $108 million in the year ended 2008 related to this arrangement.

In the event it is publicly announced that a GM vehicle brand will be discontinued, phased-out, sold or other strategic options are being considered, the residual value of the related vehicles may change. If such an announcement in the U.S. or Canada results in an estimated decrease in the residual value of the related vehicles, GMAC will be reimbursed for the estimated decrease for certain vehicles for a certain period of time. If such an announcement results in an increase in the residual value of the related vehicles, GMAC will pay the increase in the sale proceeds received at auction. Announcements made in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 to discontinue, phase-out or sell a GM vehicle brand did not have a significant effect on residual values of the related vehicles. In the year ended 2008 we recorded a liability of $148 million related to announcements to discontinue, phase-out or sell certain GM vehicle brands.

Under a capitalized cost reduction program, GMAC is paid an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. As part of such a program, GMAC waives the customer's remaining payment obligation under their current lease, and GMAC is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to GMAC for the foregone payments is reduced by the amount of this benefit. Anticipated payments are made to GMAC each month based on the estimated number of customers expected to participate in a lease-pull ahead program. These estimates are adjusted once all vehicles that could have been pulled-ahead have terminated and the vehicles have been sold. Any differences between the estimates and the actual amounts owed to or from GMAC are subsequently settled.

The terms and conditions of interest rate support, residual support, risk sharing, capitalized cost reduction, and lease pull-ahead programs are included in the GMAC Services Agreements. In December 2008 Old GM and GMAC agreed, among other things, to modify certain terms and conditions of the GMAC Services Agreements pursuant to a preliminary term sheet (GMAC Term Sheet). A primary objective of the GMAC Services Agreements continues to be supporting the distribution and marketing of our and previously Old GM's products. In May 2009 Old GM entered into the Amended and Restated United States Consumer Financing Services Agreement (Amended Financing Agreement) with an effective date of December 29, 2008. The terms of the Amended Financing Agreement were consistent with the GMAC Term Sheet.

Exclusivity Arrangement

In November 2006 Old GM granted GMAC exclusivity for U.S., Canadian and international GM-sponsored consumer and wholesale marketing incentives for products in specified markets around the world, with the exception of Saturn branded products. In return for exclusivity, GMAC paid an annual exclusivity fee of $105 million ($75 million for the U.S. retail business, $15 million for the Canadian retail business, $10 million for the international operations retail business, and $5 million for the dealer business).

As a result of the Amended Financing Agreement, Old GM and GMAC agreed to modify certain terms related to the exclusivity arrangements: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and in some cases subject to the limitation that pricing offered by such third party meets certain restrictions, and after such two-year period any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive, side-by-side basis with GMAC provided that pricing with such third parties meets certain requirements; (2) GMAC has no obligation to provide financing; and (3) GMAC has no targets against which it could be assessed penalties. After December 24,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2013, we will have the right to offer retail financing incentive programs through any third party financing source, including GMAC, without any restrictions or limitations.

Beginning in 2009 under the Amended Financing Agreement, Old GM agreed to pro-rate the exclusivity fee in the U.S. and Canada under certain circumstances if incentives were offered through a third party financing source. The international exclusivity fee arrangement remains unchanged and the dealer exclusivity fee was terminated.

Participation Agreement

In June 2008 Old GM, along with FIM Holdings entered into the GMAC Participation Agreement with GMAC, which provided that both parties would provide specified loan amounts to GMAC to fund ResCap. Through December 2008 Old GM funded the maximum obligation of $368 million. Old GM recorded interest income of $21 million in the year ended 2008 related to the GMAC Participation Agreement.

In December 2008 Old GM and FIM Holdings entered into the GMAC Exchange Agreement with GMAC. Pursuant to the GMAC Exchange Agreement, Old GM and FIM Holdings exchanged their respective amounts funded under the GMAC Participation Agreement for 79,368 Class B Common Membership Interests and 82,608 Class A Common Membership Interests. As the carrying amount of the amount funded under the GMAC Participation Agreement approximated fair value, Old GM did not recognize a gain or loss on the exchange.

Contractual Exposure Limit

An agreement between GMAC and Old GM limited certain unsecured obligations to GMAC in the U.S. arising from the GMAC Services Agreements to $1.5 billion. In accordance with the Amended Financing Agreement, Old GM and GMAC agreed to increase the probable potential unsecured exposure limit from $1.5 billion in the United States to $2.1 billion globally. In addition, GMAC's maximum potential unsecured exposure to us cannot exceed $4.1 billion globally. Old GM and GMAC also agreed to reduce the global unsecured obligation limit from $2.1 billion to $1.5 billion by December 30, 2010. Additionally, Old GM and GMAC agreed that the sum of the maximum unsecured and committed secured exposures at December 30, 2010 will not exceed the greater of $3.0 billion or 15% of GMAC's capital.

Vehicle Repurchase Obligations

In May 2009 Old GM and GMAC agreed to expand Old GM's repurchase obligations for GMAC financed inventory at certain dealers in Europe, Brazil and Mexico. In November 2008 Old GM and GMAC agreed to expand repurchase obligations for GMAC financed inventory at certain dealers in the United States and Canada. Prior to November 2008, Old GM was obligated, pursuant to dealer agreements, to repurchase certain GMAC financed inventory, limited to current model year vehicles and prior model year vehicles in dealer inventory less than 120 days, in the event of a termination of the related dealer's sales and service agreement. The current agreement with GMAC requires the repurchase of GMAC financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2009 for vehicles invoiced through August 2008, ends in August 2010 for vehicles invoiced through August 2009 and ends August 2011 for vehicles invoiced through August 2010.

The maximum potential amount of future payments required to be made to GMAC under this guarantee would be based on the repurchase value of total eligible vehicles financed by GMAC in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive Retail Leases

In November 2006 GMAC transferred automotive retail leases to Old GM, along with related debt and other assets. GMAC retained an investment in a note, which is secured by the automotive retail leases. GMAC continues to service the portfolio of automotive retail leases and related debt and receives a servicing fee. GMAC is obligated, as servicer, to repurchase any equipment on operating leases that are in breach of any of the covenants in the securitization agreements. In addition, in a number of the transactions securitizing the equipment on operating leases, the trusts issued one or more series of floating rate debt obligations and entered into derivative transactions to eliminate the market risk associated with funding the fixed payment lease assets with floating interest rate debt. To facilitate these securitization transactions, GMAC entered into secondary derivative transactions with the primary derivative counterparties, essentially offsetting the primary derivatives. As part of the transfer, Old GM assumed the rights and obligations of the primary derivative while GMAC retained the secondary, leaving both companies exposed to market value movements of their respective derivatives. Old GM subsequently entered into derivative transactions with GMAC that are intended to offset the exposure each party has to its component of the primary and secondary derivatives.

Royalty Arrangement

For certain insurance products, Old GM entered into 10-year intellectual property license agreements with GMAC giving GMAC the right to use the GM name on certain products. In exchange, GMAC pays a royalty fee of 3.25% of revenue, net of cancellations, related to these products with a minimum annual guarantee of $15 million in the United States.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with GMAC (dollars in millions):

	Successor December 31, 2009	Predecessor December 31, 2008
Assets		
Accounts and notes receivable, net (a)	$ 404	$ 661
Restricted cash (b)	$ 127	$ 481
Other assets (c)	$ 27	$ 3
Liabilities		
Accounts payable (d)	$ 131	$ 294
Short-term debt and current portion of long-term debt (e)	$ 1,077	$ 2,295
Accrued expenses and other liabilities (f)	$ 817	$ 569
Long-term debt (g)	$ 59	$ 101
Other non-current liabilities (h)	$ 383	$ 1,389

(a) Represents wholesale settlements due from GMAC, amounts owed by GMAC with respect to automotive retail leases and receivables for exclusivity fees and royalties.

(b) Represents certificates of deposit purchased from GMAC that are pledged as collateral for certain guarantees provided to GMAC in Brazil in connection with dealer floor plan financing.

(c) Primarily represents distributions due from GMAC on our investments in GMAC preferred stock and Preferred Membership Interests.

(d) Primarily represents amounts billed to us and Old GM and payable related to incentive programs.

(e) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which Old GM owned and which we subsequently purchased or in which we have and Old GM had an equity interest. In addition, it includes borrowing arrangements with various foreign locations and arrangements related to GMAC's

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

funding of company-owned vehicles, rental car vehicles awaiting sale at auction and funding of the sale of vehicles to which title is retained while the vehicles are consigned to GMAC or dealers, primarily in the United Kingdom. Financing remains outstanding until the title is transferred to the dealers. This amount also includes the short-term portion of a note payable related to automotive retail leases.

(f) Primarily represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by GMAC in North America. This includes the estimated amount of residual support accrued under the residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to GMAC to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and amounts owed under lease pull-ahead programs. In addition it includes interest accrued on the transactions in (e) above.

(g) Primarily represents the long-term portion of term loans from GMAC to certain consolidated dealerships and a note payable with respect to automotive retail leases.

(h) Primarily represents long-term portion of liabilities for marketing incentives on vehicles financed by GMAC.

Statement of Operations

The following table summarizes the income statement effects of transactions with GMAC (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Net sales revenue (reduction) (a)	$ (259)	$ 207	$ (2,350)	$ (4,041)
Cost of sales and other expenses (b)	$ 113	$ 180	$ 688	$ 590
Interest income and other non-operating income, net (c)	$ 127	$ 166	$ 192	$ 433
Interest expense (d)	$ 121	$ 100	$ 221	$ 229
Servicing expense (e)	$ 22	$ 16	$ 144	$ 167
Derivative gains (losses) (f)	$ (1)	$ (2)	$ (4)	$ 19

(a) Primarily represents the (reduction) or increase in net sales and revenues for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by GMAC. This includes the estimated amount of residual support accrued under residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to GMAC to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to GMAC for employee and governmental lease programs and third party resale purposes.

(b) Primarily represents cost of sales on the sale of vehicles to GMAC for employee and governmental lease programs and third party resale purposes. Also includes miscellaneous expenses on services performed by GMAC.

(c) Represents income on our investments in GMAC preferred stock and Preferred Membership Interests, exclusivity and royalty fee income and reimbursements by GMAC for certain services provided to GMAC. Included in this amount is rental income related to GMAC's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on term loans, notes payable and wholesale settlements.

(e) Represents servicing fees paid to GMAC on certain automotive retail leases.

(f) Represents amounts recorded in connection with a derivative transaction entered into with GMAC as the counterparty.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 31. Transactions with MLC

In connection with the 363 Sale, we and MLC entered into a Transition Services Agreement (TSA), pursuant to which, among other things, we provide MLC with certain transition services and support functions in connection with their operation and ultimate liquidation in bankruptcy. MLC is required to pay the applicable usage fees specified with respect to various types of services under the TSA. The obligation to provide services under the TSA will terminate on the applicable dates specified in the agreement with respect to each such service, the latest such date being December 31, 2013. Types of services provided under the TSA included: (1) property management; (2) assistance in idling certain facilities; (3) provisions of access rights and storage of personal property at certain facilities; (4) security; (5) administrative services including accounting, treasury and tax; (6) purchasing; (7) information systems and services support; (8) communication services to the public; and (9) splinter union services including payroll and benefits administration. Services MLC provides to us under the TSA include: (1) provisions of access rights and storage of personal property at certain facilities; (2) assistance in obtaining certain permits and consents to permit us to own and operate purchased assets in connection with the 363 Sale; (3) allowing us to manage and exercise our rights under the TSA; and (4) use of certain real estate and equipment while we are in negotiation to assume or renegotiate certain leases or enter into agreements to purchase certain lease-related assets. At December 31, 2009 we are only obligated to provide tax services under the TSA.

Statement of Operations

The following table summarizes the income statement effects of transactions with MLC (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Cost of sales (a)	$ (8)
Interest income and other non-operating income, net	$ 1

(a) Primarily related to royalty income partially offset by reimbursements for engineering expenses incurred by MLC.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with MLC (dollars in millions):

	Successor December 31, 2009
Accounts and notes receivable, net (a)	$ 16
Other assets	$ 1
Accounts payable (a)	$ 59
Accrued expenses and other liabilities	$ (1)

(a) Primarily related to the purchase and sale of component parts.

Cash Flow

The following table summarizes the cash flow effects of transactions with MLC (dollars in millions):

	Successor July 10, 2009 Through December 31, 2009
Operating (a)	$ (88)
Financing (b)	$ 25

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Primarily includes payments to and from MLC related to the purchase and the sale of component parts.

(b) Funding provided to a facility in Strasbourg, France, that MLC retained. We have reserved $16 million against the advanced amounts.

Note 32. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except for per share amounts):

	Successor		Predecessor		
	July 10, 2009 Through September 30, 2009	4th Quarter	1st Quarter	2nd Quarter	July 1, 2009 Through July 9, 2009
2009					
Net sales and revenue	$ 25,147	$ 32,327	$ 22,431	$ 23,047	$ 1,637
Gross margin (loss)	$ 1,593	$ (500)	$ (2,180)	$ (6,337)	$ (182)
Net income (loss)	$ (571)	$ (3,215)	$ (5,899)	$ (13,237)	$ 128,139
Net income (loss) attributable to common stockholders	$ (908)	$ (3,520)	$ (5,975)	$ (12,905)	$ 127,998
Net income (loss) attributable to common stockholders, per share, basic	$ (2.20)	$ (8.53)	$ (9.78)	$ (21.12)	$ 209.49
Net income (loss) attributable to common stockholders, per share, diluted	$ (2.20)	$ (8.53)	$ (9.78)	$ (21.12)	$ 209.38

	Predecessor Quarters			
	1st	2nd	3rd	4th
2008				
Net sales and revenue	$42,383	$ 38,010	$37,808	$30,778
Gross margin (loss)	$ 4,231	$ (5,482)	$ 3,287	$ (2,314)
Net loss	$ (3,209)	$(15,580)	$ (2,610)	$ (9,652)
Net loss attributable to common stockholders	$ (3,282)	$(15,513)	$ (2,552)	$ (9,596)
Net loss attributable to common stockholders, per share, basic and diluted	$ (5.80)	$ (27.40)	$ (4.47)	$ (15.71)

GM

Results for the three months ended December 31, 2009 included:

- Impairment charges of $270 million related to our investment in GMAC common stock.
- Settlement loss of $2.6 billion related to the 2009 UAW Settlement Agreement.

Results for the period July 10, 2009 through September 30, 2009 included:

- Charges of $195 million related to dealer wind-down agreements.

Table of Contents

Old GM

Results for the period July 1, 2009 through July 9, 2009 included:

- Accelerated debt discount amortization of $600 million on the DIP Facility.
- Reorganization gains, net of $129.3 billion. Refer to Note 2 for additional information on these gains.
- Charges of $398 million related to dealer wind-down agreements.

Results for the three months ended June 30, 2009 included:

- Gain of $2.5 billion on the disposition of GMAC Common Membership Interests partially offset by a loss on extinguishment of the UST GMAC Loan of $2.0 billion.
- Accelerated debt discount amortization of $1.6 billion on the DIP Facility.
- Charges of $1.9 billion related to U.S. salaried and hourly headcount reduction programs.
- Restructuring charges of $1.1 billion related to SUB and TSP.
- Reorganization costs of $1.1 billion, primarily related to loss on extinguishment of debt of $958 million.
- Impairment charges of $239 million related to product-specific tooling assets.

Results for the three months ended March 31, 2009 included:

- Old GM amended the terms of its U.S. term loan and recorded a gain of $906 million on the extinguishment of the original loan facility.
- Upon Saab's filing for reorganization, Old GM recorded charges of $618 million related to its net investment in, and advances to, Saab and other commitments and obligations.
- Impairment charges of $327 million related to product-specific tooling assets and cancelled powertrain programs.

Results for the three months ended December 31, 2008 included:

- Impairment charges of $5.1 billion related to Old GM's investment in GMAC Common Membership Interests and its proportionate share of GMAC's net income of $3.7 billion which included a $5.6 billion gain related to GMAC's bond exchange.
- Charges of $1.1 billion related to establishing valuation allowances against Old GM's net deferred tax assets in various tax jurisdictions.
- Impairment charges of $2.5 billion related to long-lived assets, Equipment on operating leases, net and goodwill.
- Charges of $662 million related to Old GM's estimated obligations under the Delphi-GM Settlement Agreements and Delphi Benefit Guarantee Agreements.
- Charges of $604 million related to capacity actions in the U.S. and Canada.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Results for the three months ended September 30, 2008 included:

- Impairment charges of $251 million related to Old GM's investment in GMAC Preferred Membership Interests.
- Charges of $652 million related to Old GM's estimated obligations under the Delphi-GM Settlement Agreements and Delphi Benefit Guarantee Agreements.
- A net curtailment gain of $4.9 billion related to the accelerated recognition of unamortized net prior service credit due to the 2008 UAW Settlement Agreement becoming effective.
- Charges of $1.7 billion related to the settlement loss associated with the elimination of healthcare coverage for U.S. salaried retirees over age 65.
- Charges of $591 million related to capacity actions in the U.S. and Canada.

Results for the three months ended June 30, 2008 included:

- Impairment charges of $1.3 billion related to Old GM's investment in GMAC Common and Preferred Membership Interests.
- Charges of $2.8 billion related to Old GM's estimated obligations under the Delphi-GM Settlement Agreements and Delphi Benefit Guarantee Agreements.
- Curtailment and other charges of $3.3 billion related to the 2008 UAW and IUE-CWA Special Attrition Programs.
- Charges of $1.1 billion related to capacity actions in the U.S. and Canada.
- An immaterial correction of Old GM's previous accounting for derivatives by recording in Net sales and revenue losses of $407 million which had been inappropriately deferred in Accumulated other comprehensive income (loss). Of this amount, $250 million should have been recorded in earnings in the three months ended March 31, 2008 and the remainder should have been recorded in prior periods, predominantly in the year ended 2007.

Results for the three months ended March 31, 2008 included:

- Impairment charges of $1.5 billion related to Old GM's investment in GMAC Common and Preferred Membership Interests.
- Charges of $394 million related to deferred tax asset valuation allowances in Spain and the United Kingdom.

Note 33. Segment Reporting

We develop, produce and market cars, trucks and parts worldwide. We do so through our three segments: GMNA, GME and GMIO.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following core brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2009 we also had equity ownership stakes directly or indirectly through various regional subsidiaries, including GM Daewoo, SGM, SGMW and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM). These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate. Corporate includes investments in GMAC, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

All intersegment balances and transactions have been eliminated in consolidation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize key financial information by segment (dollars in millions):

	Successor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Period July 10, 2009 Through December 31, 2009						
Sales						
External customers	$31,454	$11,340	$14,535	$ —	$ —	$ 57,329
Intersegment	972	180	972	(2,124)	—	—
Total sales	32,426	11,520	15,507	(2,124)	—	57,329
Other revenue	—	—	—	—	145	145
Total net sales and revenue	$32,426	$11,520	$15,507	$ (2,124)	$ 145	$ 57,474
Income (loss) attributable to common stockholders before interest and income taxes	$ (4,719)	$ (805)	$ 1,198	$ (37)	$ (323)	$ (4,686)
Interest income	—	—	—	—	184	184
Interest expense	—	—	—	—	694	694
Loss on extinguishment of debt	(101)	—	—	—	—	(101)
Income (loss) attributable to stockholders before income taxes	(4,820)	(805)	1,198	(37)	(833)	(5,297)
Income tax expense (benefit)	—	—	—	—	(1,000)	(1,000)
Net income (loss) attributable to stockholders	$ (4,820)	$ (805)	$ 1,198	$ (37)	$ 167	$ (4,297)
Equity in net assets of nonconsolidated affiliates	$ 1,928	$ 287	$ 5,694	$ —	$ 27	$ 7,936
Total assets	$78,719	$19,140	$26,362	$ (25,192)	$37,266	$136,295
Goodwill	$26,409	$ 3,335	$ 928	$ —	$ —	$ 30,672
Expenditures for property	$ 959	$ 573	$ 381	$ —	$ 1	$ 1,914
Depreciation, amortization and impairment	$ 2,732	$ 952	$ 447	$ —	$ 110	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 32	$ 472	$ —	$ —	$ 497
Significant noncash charges						
Impairment charges related to investment in GMAC common stock	$ —	$ —	$ —	$ —	$ 270	$ 270
UAW OPEB healthcare settlement	2,571	—	—	—	—	2,571
Total significant noncash charges	$ 2,571	$ —	$ —	$ —	$ 270	$ 2,841

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Period January 1, 2009 Through July 9, 2009						
Sales						
External customers	$ 23,490	$12,419	$10,878	$ —	$ —	$ 46,787
Intersegment	701	171	800	(1,672)	—	—
Total sales	24,191	12,590	11,678	(1,672)	—	46,787
Other revenue	—	—	—	—	328	328
Total net sales and revenue	$ 24,191	$12,590	$11,678	$ (1,672)	$ 328	$ 47,115
Income (loss) attributable to common stockholders before interest and income taxes	$(11,092)	$ (2,823)	$ (956)	$ 102	$ 899	$ (13,870)
Interest income	—	—	—	—	183	183
Interest expense	—	—	—	—	5,428	5,428
Reorganization gains, net (a)	—	—	—	—	128,155	128,155
Loss on extinguishment of debt	—	—	—	—	(1,088)	(1,088)
Income (loss) attributable to stockholders before income taxes	(11,092)	(2,823)	(956)	102	122,721	107,952
Income tax expense (benefit)	—	—	—	—	(1,166)	(1,166)
Net income (loss) attributable to stockholders	$(11,092)	$ (2,823)	$ (956)	$ 102	$ 123,887	$ 109,118
Expenditures for property	$ 2,282	$ 830	$ 381	$ —	$ 24	$ 3,517
Depreciation, amortization and impairment	$ 4,759	$ 1,496	$ 476	$ —	$ 142	$ 6,873
Equity in income (loss) of and disposition of interest in GMAC	$ —	$ —	$ —	$ —	$ 1,380	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 30	$ 307	$ —	$ 1	$ 61
Significant noncash charges (gains)						
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ (906)
Loss on extinguishment of UST GMAC Loan	—	—	—	—	1,994	1,994
Gain on conversion of UST GMAC Loan	—	—	—	—	(2,477)	(2,477)
Reversal of valuation allowances against deferred tax assets	—	—	—	—	(751)	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	63
Impairment charges related to long-lived assets	320	237	9	—	—	566
Reorganization gains, net (a)	—	—	—	—	(128,563)	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 9	$ —	$(130,687)	$(130,074)

(a) Refer to Note 2 for additional information on Reorganization gains, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Year Ended December 31, 2008						
Sales						
External customers	$ 82,938	$32,440	$32,354	$ —	$ —	$147,732
Intersegment	3,249	1,948	4,496	(9,693)	—	—
Total sales	86,187	34,388	36,850	(9,693)	—	147,732
Other revenue	—	—	—	—	1,247	1,247
Total net sales and revenue	$ 86,187	$34,388	$36,850	$ (9,693)	$ 1,247	$148,979
Income (loss) attributable to common stockholders before interest and income taxes	$(12,203)	$ (2,637)	$ 473	$ 51	$(13,034)	$ (27,350)
Interest income	—	—	—	—	655	655
Interest expense	—	—	—	—	2,525	2,525
Gain on extinguishment of debt	—	—	—	—	43	43
Income (loss) attributable to stockholders before income taxes	(12,203)	(2,637)	473	51	(14,861)	(29,177)
Income tax expense (benefit)	—	—	—	—	1,766	1,766
Net income (loss) attributable to stockholders	$(12,203)	$ (2,637)	$ 473	$ 51	$(16,627)	$ (30,943)
Equity in net assets of nonconsolidated affiliates	$ 32	$ 279	$ 1,321	$ —	$ 514	$ 2,146
Total assets	$ 63,207	$22,643	$18,301	$ (70,539)	$ 57,427	$ 91,039
Expenditures for property	$ 4,242	$ 1,563	$ 1,188	$ —	$ 537	$ 7,530
Depreciation, amortization and impairment	$ 5,910	$ 2,358	$ 938	$ —	$ 808	$ 10,014
Equity in income (loss) of and disposition of interest in GMAC	$ —	$ —	$ —	$ —	$ (6,183)	$ (6,183)
Equity income (loss), net of tax	$ (201)	$ 56	$ 329	$ —	$ 2	$ 186
Significant noncash charges (gains)						
Impairment charges related to investment in GMAC Common Membership Interests	$ —	$ —	$ —	$ —	$ 7,099	$ 7,099
Impairment charges related to investment in GMAC Preferred Membership Interests	—	—	—	—	1,001	1,001
Impairment charges related to equipment on operating leases	380	222	—	—	157	759
Impairment charges related to investments in NUMMI and CAMI	119	—	—	—	—	119
Other than temporary impairment charges related to debt and equity securities	47	—	—	—	15	62
Impairment charges related to goodwill	154	456	—	—	—	610
Impairment charges related to long-lived assets	411	497	102	—	—	1,010
Net curtailment gain related to finalization of Settlement Agreement	(4,901)	—	—	—	—	(4,901)
Salaried post-65 healthcare settlement	1,704	—	—	—	—	1,704
CAW settlement	340	—	—	—	—	340
Valuation allowances against deferred tax assets	—	—	—	—	1,450	1,450
Total significant noncash charges (gains)	$ (1,746)	$ 1,175	$ 102	$ —	$ 9,722	$ 9,253

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	GMNA	GME	GMIO	Eliminations	Corporate	Total
At and For the Year Ended December 31, 2007						
Sales						
External customers	$109,024	$35,562	$33,008	$ —	$ —	$177,594
Intersegment	3,424	1,916	4,051	(9,391)	—	—
Total sales	112,448	37,478	37,059	(9,391)	—	177,594
Other revenue	—	—	—	—	2,390	2,390
Total net sales and revenue	$112,448	$37,478	$37,059	$ (9,391)	$ 2,390	$179,984
Income (loss) attributable to common stockholders before interest and income taxes	$ (2,673)	$ (410)	$ 1,911	$ (35)	$ (3,173)	$ (4,380)
Interest income	—	—	—	—	1,228	1,228
Interest expense	—	—	—	—	3,076	3,076
Loss on extinguishment of debt	—	—	—	—	—	—
Income (loss) attributable to stockholders before income taxes	(2,673)	(410)	1,911	(35)	(5,021)	(6,228)
Income tax expense (benefit)	—	—	—	—	36,863	36,863
Income from discontinued operations, net of tax	256	—	—	—	—	256
Gain on sale of discontinued operations, net of tax	4,293	—	—	—	—	4,293
Net income (loss) attributable to stockholders	$ 1,876	$ (410)	$ 1,911	$ (35)	$(41,884)	$ (38,542)
Expenditures for property	$ 5,029	$ 1,311	$ 1,119	$ —	$ 83	$ 7,542
Depreciation, amortization and impairment	$ 5,660	$ 1,679	$ 878	$ —	$ 1,296	$ 9,513
Equity in income (loss) of and disposition of interest in GMAC	$ —	$ —	$ —	$ —	$ (1,245)	$ (1,245)
Equity income (loss), net of tax	$ 22	$ 44	$ 456	$ —	$ 2	$ 524
Significant noncash charges						
Impairment charges related to equipment on operating leases	$ 44	$ 90	$ —	$ —	$ —	$ 134
Impairment charges related to long-lived assets	240	—	19	—	—	259
Other than temporary impairment charges related to debt and equity securities	72	—	—	—	—	72
Change in amortization period for pension prior service cost	1,561	—	—	—	—	1,561
Valuation allowances against deferred tax assets	—	—	—	—	37,770	37,770
Total significant noncash charges	$ 1,917	$ 90	$ 19	$ —	$ 37,770	$ 39,796

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor		Predecessor					
	At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended 2008		At and for the Year Ended 2007	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$28,007	$ 9,487	$21,152	$20,742	$ 75,382	$25,105	$100,144	$32,293
Canada and Mexico	4,682	2,728	3,486	5,943	12,983	5,898	14,758	5,772
Total North America	32,689	12,215	24,638	26,685	88,365	31,003	114,902	38,065
Europe								
France	923	17	1,024	67	2,629	264	2,699	309
Germany	2,851	2,299	3,817	3,670	6,663	4,013	6,147	4,172
Italy	1,119	192	1,221	169	3,169	183	3,671	256
Russia	246	118	430	264	2,061	237	1,516	81
Spain	862	778	609	1,206	1,711	1,230	2,911	1,359
Sweden	—	—	76	—	1,195	833	2,330	1,207
United Kingdom	2,531	815	2,749	1,189	7,142	1,066	7,950	1,214
Other	2,800	797	2,518	1,557	7,939	1,332	8,273	2,266
Total Europe	11,332	5,016	12,444	8,122	32,509	9,158	35,497	10,864
International Operations								
Brazil	4,910	1,142	3,347	1,081	8,329	890	6,477	1,026
Venezuela	850	46	981	43	2,107	43	3,169	41
Australia	1,653	388	1,201	1,066	3,355	1,014	3,744	1,452
Korea	3,014	982	2,044	1,941	7,131	2,115	9,219	2,443
Thailand	166	151	103	383	560	395	457	433
Other	2,210	411	1,825	580	5,201	501	5,072	514
Total International Operations	12,803	3,120	9,501	5,094	26,683	4,958	28,138	5,909
All Other	650	1,066	532	92	1,422	130	1,447	187
Total consolidated	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249	$179,984	$55,025

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor		Predecessor					
	At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended 2008		At and For the Year Ended 2007	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$28,007	$ 9,487	$21,152	$20,742	$ 75,382	$25,105	$100,144	$32,293
Non-U.S.	29,467	11,930	25,963	19,251	73,597	20,144	79,840	22,732
Total U.S. and non-U.S.	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249	$179,984	$55,025

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 34. Supplemental Information for Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by changes in other operating assets and liabilities (dollars in millions):

	Successor	Predecessor		
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007
Accounts receivable	$ 178	$ (268)	$ 1,315	$ (821)
Prepaid expenses and other deferred charges	433	1,416	(287)	(660)
Inventories	(906)	3,509	77	(768)
Accounts payable	5,051	(8,846)	(4,556)	1,119
Income taxes payable	589	606	1,044	(1,311)
Accrued expenses and other liabilities	(2,913)	(6,815)	1,607	(851)
Fleet rental — acquisitions	(1,198)	(961)	(4,157)	(6,443)
Fleet rental — liquidations	1,371	1,130	5,051	6,323
Total	$ 2,605	$ (10,229)	$ 94	$ (3,412)
Cash paid for interest	$ 618	$ 2,513	$ 2,484	$ 3,346

Note 35. Subsequent Events

Venezuela's Highly Inflationary Economy

In November 2009 the cumulative inflation of Venezuela's economy was greater than 100% over a 3-year period. As a result, we considered it to be highly inflationary. We used a blended rate approach, blending Venezuela's National Consumer Price Index and Consumer Price Index, for purposes of determining the cumulative three-year inflation rate.

Because Venezuela's economy was deemed to be highly inflationary, our Venezuelan subsidiaries will change their functional currency from the Bolivar Fuerte (BsF), the local currency, to our reporting currency, the U.S. dollar, on January 1, 2010, the first day of the reporting period following the period in which the blended rate exceeded 100%. The translation of our Venezuelan subsidiaries' financial statements from the BsF to the U.S. dollar will be made at the rate at which dividends are expected to be remitted.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to $1.00 would be changed to a dual rate system that includes a 2.60 BsF to $1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to $1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to $1.00 to determine the remeasurement, which resulted in a charge of $25 million recorded in Cost of sales in the three months ended March 31, 2010.

Prior to 2010 our Venezuelan subsidiaries held certain assets and liabilities that were denominated in currencies other than the BsF. For financial reporting purposes, these assets and liabilities were remeasured into BsF at a parallel exchange rate and then translated to the U.S. dollar at the official fixed exchange rate. The parallel exchange rate is a result of the creation of an indirect, parallel foreign currency market in Venezuela that enables entities to use brokers in Venezuela to obtain foreign currency without having to purchase the currency from the Commission for the Administration of Foreign Exchange (CADIVI). As a result of this remeasurement and translation, the asset and liability balances determined for financial reporting purposes differed from the underlying non-BsF denominated values. On January 1, 2010 when our Venezuelan subsidiaries changed their reporting currency to the U.S. dollar, we recorded an insignificant charge due to this difference.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Receivables Program

In December 2009 we announced the termination of the Receivables Program, in accordance with its terms, effective in April 2010. At December 31, 2009 the UST had outstanding loans of $150 million to the Receivables Program. In the three months ended March 31, 2010 these loans were paid in full.

Sale of 1% Interest in Shanghai General Motors Co., Ltd.

In February 2010 we sold a 1% ownership interest in SGM to SAIC, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to put in place a $400 million loan from a commercial bank to us. In exchange for the sale of the 1% ownership interest, we primarily received cash and a call option to repurchase the 1% under certain conditions with SAIC having a put option to sell the 1% ownership interest back to us at any time. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. A portion of the proceeds from the sale of the 1% ownership interest will be allocated to the fair value of the credit enhancement provided by SAIC.

HUMMER

In February 2010 we announced Tengzhong Heavy Industrial Machinery Co., Ltd. was unable to complete the acquisition of HUMMER. We will now work closely with HUMMER employees, dealers and suppliers to wind-down the business in an orderly and responsible manner.

Sale of Saab

As previously discussed, in February 2010 we completed the sale of Saab to Spyker Cars N.V. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and will receive the remaining $24 million in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant. In addition, we received $114 million as a repayment of the DIP financing that we previously provided to Saab during 2009.

Opel/Vauxhall Restructuring Activities

In February 2010 we presented our plan for the long-term viability of our Opel/Vauxhall operations to the German government. Adam Opel GmbH (Adam Opel) is in discussions with European governments to receive funding support. Our plan includes:

- Funding requirement estimate of Euro 3.7 billion (equivalent to $5.1 billion) including original estimate of Euro 3.3 billion plus an additional Euro 0.4 billion, requested by European governments, to offset the potential effect of adverse market developments;
- Financing contributions from us of Euro 1.9 billion (equivalent to $2.6 billion), representing more than 50% of the overall funding requirements;
- Requested total funding support/loan guarantees from European governments of Euro 1.8 billion (equivalent to $2.5 billion);
- We plan to make investments in capital and engineering of Euro 11.0 billion (equivalent to $15.0 billion) over the next five years; and
- Reduced capacity to adjust to current and forecasted market conditions including headcount reductions of 1,300 employees in sales and administration, 7,000 employees in manufacturing and the idling of our Antwerp, Belgium facility.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

With these restructuring initiatives complete, we plan to have 80% of our carlines at an age of three years or less by 2012. This would be accomplished by eight product launches in 2010 and another four product launches in 2011. In addition, we plan to invest Euro 1.0 billion to introduce innovative fuel efficient powertrain technologies including an additional extended-range electric vehicle and introducing battery-electric vehicles in smaller-size segments.

If our Opel/Vauxhall operations cannot secure the government-sponsored financing package above, we would be responsible for its remaining funding requirements and this could have a significant negative effect on our liquidity position. To the extent our liquidity is not available to finance the Opel/Vauxhall operations and we fail to secure government-sponsored financing or other financing, the long term viability of the Opel/Vauxhall operations could be negatively affected.

Repayment of UST Loans and Canadian Loan

In March 2010 we made payments of $1.0 billion and $192 million on the UST Loans and Canadian Loan. Upon making such payments, equivalent amounts were released to us from escrow. At March 31, 2010 the carrying amounts of the UST Loans and Canadian Loan were $4.7 billion and $1.0 billion.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (the Act) was signed into law on March 23, 2010. Certain provisions of the Act eliminate future tax deductions of certain expenditures which were reimbursed under the Medicare Part D retiree drug subsidy program. Elimination of this tax deduction will not significantly affect us, because effective January 1, 2010 we no longer provide actuarially equivalent prescription drug coverage to post-age 65 Medicare-eligible participants, and we have a full valuation allowance against our net deferred tax assets in the U.S. We are in the process of assessing the other provisions of the Act, and have not yet determined whether they will have a material effect on our consolidated financial statements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None

* * * * * * *

Item 9A. ***Controls and Procedures***

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and our Vice Chairman and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2009. Based on that evaluation, our CEO and CFO concluded that, as of that date, our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were not effective at the reasonable assurance level because of the identification of a material weakness in our internal control over financial reporting, which we view as an integral part of our disclosure controls and procedures.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2009, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2009.

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. In our assessment of the effectiveness of internal control over financial reporting at December 31, 2009, we identified the following material weakness:

Controls over the period-end financial reporting process were not effective. Specifically, certain controls designed and implemented to address the identified material weakness in the period-end financial reporting process, as subsequently discussed, have not had a sufficient period of time to operate for our management to conclude that they are operating effectively. This inability to conclude is largely due to the challenging accounting environment associated with the combination of the Chapter 11 Proceedings, the related application of fresh-start reporting at a mid-month date, and the need for concurrent preparation of U.S. GAAP financial statements for multiple accounting periods during the six month period after the completion of the 363 Sale. As such, it is reasonably possible that our consolidated financial statements could contain a material misstatement or that we could miss a filing deadline in the future.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Based on our assessment, and because of the material weakness previously discussed, we have concluded that our internal control over financial reporting was not effective at December 31, 2009.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Material Weakness, Remediation and Changes in Internal Controls

At December 31, 2008, Old GM determined that its internal control over financial reporting was not effective because of a material weakness related to ineffective controls over the period-end financial reporting process. This ineffective process resulted in a significant number and magnitude of out-of-period adjustments to Old GM's consolidated financial statements. Specifically, controls were not effective to ensure that accounting estimates and other adjustments were appropriately reviewed, analyzed and monitored by competent accounting staff on a timely basis. Additionally, some of the adjustments recorded related to account reconciliations not being performed effectively. These ineffective controls continued to exist at the Company after the 363 Sale.

In the year ended 2009, there was significant progress made in remediating the material weakness, including the following:

- Improved trial balance and account ownership;
- Improved adherence to account reconciliation policies and procedures;
- Documented roles and responsibilities for close processes;
- Implemented new consolidation software;
- Implemented consolidation procedures;
- Improved management reporting and analysis procedures;
- Implemented a new issue management process;
- Implemented a standardized account reconciliation quality assurance program;
- Implemented improved manual journal entry procedures; and
- Implemented improved disclosure procedures.

We believe that the remediation activities previously discussed would have been sufficient to allow us to conclude that the previously identified material weakness no longer existed at December 31, 2009. However, as discussed in Note 2 to the consolidated financial statements, in the year ended 2009 Old GM entered into the Chapter 11 Proceedings and we acquired substantially all of Old GM's assets and certain of its liabilities in the 363 Sale, necessitating the development and implementation of additional processes related to accounting for bankruptcy and subsequent fresh-start reporting. We introduced additional processes and controls designed to ensure the accuracy, validity and completeness of the fresh-start reporting adjustments. Additionally, we prepared financial statements for multiple accounting periods concurrently during the six month period after the completion of the 363 Sale. The sheer complexity of the fresh-start reporting adjustments, and the number of accounting periods open at one time, did not allow our management to have clear visibility into the operational effectiveness of the newly remediated controls within the period-end financial reporting process and in some cases did not provide our management with sufficient opportunities to test the operating effectiveness of these remediated controls prior to year-end. Because of the inability to sufficiently test the operating effectiveness of certain remediated internal controls, we concluded that a material weakness in the period-end financial reporting process exists at December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Corporate Accounting and other key departments augmented their resources by utilizing external resources and performing additional closing and bankruptcy related procedures in the year ended 2009. As a result, we believe that there are no material inaccuracies or omissions of material fact and, to the best of our knowledge, believe that our consolidated financial statements at and for the period July 10, 2009 through December 31, 2009 and Old GM's consolidated financial statements at and for the period January 1, 2009 through July 9, 2009, fairly present in all material respects the financial condition and results of operations in conformity with U.S. GAAP.

Other than as previously discussed, there have not been any other changes in our internal control over financial reporting in the three months ended December 31, 2009, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ EDWARD E. WHITACRE, JR.	/s/ CHRISTOPHER P. LIDDELL
Edward E. Whitacre, Jr. Chairman and Chief Executive Officer	Christopher P. Liddell Vice Chairman and Chief Financial Officer
April 7, 2010	April 7, 2010

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

* * * * * * *

Item 9B. ***Other Information***

None

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

We have adopted a code of ethics that applies to the Corporation's directors, officers, and employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," has been posted on our website at http://investor.gm.com at "Investor Information — Corporate Governance." We will provide a copy of the code of ethics without charge upon request to Corporate Secretary, General Motors Corporation, Mail Code 482-C38-B71, 300 Renaissance Center, P.O. Box 300, Detroit, MI 48265-3000.

Stockholders Agreement

On October 15, 2009, in connection with the holding company merger, we, the UST, the New VEBA and Canada Holdings entered into a Stockholders Agreement, which replaced and is substantially identical to the prior Stockholders Agreement dated as of July 10, 2009 that we entered into in connection with the 363 Sale. The Stockholders Agreement provides that our Board of Directors shall initially consist of 13 members and that our initial Board of Directors will consist of 10 members designated by the UST, one member designated by the New VEBA, one member designated by Canada Holdings and our Chief Executive Officer. At all times prior to the termination of the Stockholders Agreement, at least two-thirds of the directors must be determined by our Board of Directors to be independent within the meaning of New York Stock Exchange (NYSE) rules, whether or not any of our shares of common stock are listed on the NYSE.

So long as the New VEBA holds at least 50% of the shares of our common stock it held at the closing of the 363 Sale, the New VEBA shall have the right to designate one nominee to our Board of Directors (which designation shall be subject to the consent of the UAW and, if the designated nominee is not independent within the meaning of NYSE rules, to the consent of the UST, which consent of the UST is not to be unreasonably withheld). Pursuant to the Stockholders Agreement, until the Public Distribution Date (as subsequently defined), our Board of Directors agrees to nominate and the stockholder parties to the Stockholders Agreement agree to appoint the director designated by the New VEBA to our Board of Directors. After the Public Distribution Date, subject to our Board of Directors' approval, our Board of Directors shall nominate the New VEBA nominee to be elected a member of our Board of Directors and include the New VEBA nominee in our proxy statement and related materials in respect of the election to which the nomination pertains.

So long as Canada Holdings holds at least 50% of the shares of our common stock issued to it at the closing of the 363 Sale, Canada Holdings shall have the right, until the Public Distribution Date, to designate one nominee to our Board of Directors, who shall be independent within the meaning of NYSE rules (or if such nominee is not independent, the UST and Canada Holdings shall consult with each other in good faith prior to the election or appointment of such non-independent nominee of Canada Holdings). Pursuant to the Stockholders Agreement, our Board of Directors agrees to nominate and the stockholder parties to the Stockholders Agreement agree to appoint the director designated by Canada Holdings to our Board of Directors.

The Stockholders Agreement provides that, until the earlier of the Public Distribution Date and the respective termination of their obligations under the Stockholders Agreement, the UST and Canada Holdings (Government Holders) may vote their shares of our common stock at any meeting (whether annual or special) or by written consent on each matter presented to our stockholders in such manner as such Government Holder determines, provided that each Government Holder shall vote "for" any nominee designated by the New VEBA or Canada Holdings as described above that is standing for election. The Stockholders Agreement also provides that, after the Public Distribution Date and until the respective termination of their obligations under the Stockholders Agreement, the Government Holders will not vote their shares of our common stock at any meeting (whether annual or special) or by written consent, except that each Government Holder may vote its shares:

- As its desires in a vote with respect to any removal of directors;
- In a vote with respect to any election of directors as it desires only with respect to any candidates that are nominated by the Board of Directors, nominated by third parties or nominated by either Government Holder pursuant to a joint slate procedure (provided that each Government Holder will vote "for" any nominee designated by the New VEBA as described above that is standing for election);

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- As it desires in a vote with respect to any acquisition or purchase of our capital stock, or of all or substantially all or our assets or any merger, consolidation, business combination, recapitalization or other extraordinary business transaction involving or otherwise relating to the Company, in each case, which would require a stockholder vote under Delaware law or our certificate of incorporation;

- As it desires in a vote with respect to any amendment or modification to our certificate of incorporation or bylaws that would affect any matters relating to (1), (2) or (3) above; and

- On each other matter presented to our stockholders, solely to the extent that the vote of the Government Holders is required for the stockholders to take action at a meeting at which a quorum is present and in that instance, in the same proportionate manner as the holders of common stock (other than the UST, Canada Holdings, New VEBA and its affiliates and the directors and executive officers of the Company) that were present and entitled to vote on such matter voted or consented in connection with each such matter.

The Stockholders Agreement provides that, until the termination of the Stockholders Agreement with respect to the New VEBA, the New VEBA will votes its shares at any meeting (whether annual or special) or by written consent on each matter presented to our stockholders in the same proportionate manner as the holders of our common stock (other than the New VEBA and its affiliates and our directors and executive officers) that were present and entitled to vote on such matter voted or consented in connection with each such matter.

The Stockholders Agreement also provides for special preemptive rights. Pursuant to the Stockholders Agreement, prior to a Public Distribution, we may not issue any shares of common stock unless, prior to such issuance, we offer such shares to each stockholder party to the Stockholders Agreement at the same price per share and upon the same terms and conditions. These preemptive rights do not apply to: (1) common stock issued as incentive shares to or for the benefit of employees, officers, directors and other service providers of the Company or any of our subsidiaries in accordance with the terms of the Stockholders Agreement or any applicable incentive plan of the Company; (2) securities issued upon conversion of convertible or exchangeable securities (including warrants) of the Company or any of our subsidiaries that were outstanding as of the date of the Stockholders Agreement or were not issued in violation of the Stockholders Agreement; and (3) a subdivision of shares of common stock (including any share distribution or split), any combination of shares of common stock (including any reverse share split), shares issued as a dividend or other distribution on the shares of common stock or any recapitalization, reorganization, reclassification or conversion of the Company or any of our subsidiaries.

The Stockholders Agreement also provides that the UST and Canada Holdings shall use their reasonable best efforts to exercise their demand registration rights under the equity registration rights agreement and cause a Public Distribution to occur no later than July 10, 2010, unless we are already taking steps and proceeding with reasonable diligence to effect a Public Distribution. In addition, pursuant to the Stockholders Agreement, until the Public Distribution Date, so long as Canada Holdings beneficially owns at least 5% of our outstanding common stock, we may not, without the prior written consent of Canada Holdings, take any action to effectuate: (1) a sale of all or substantially all of our assets; (2) any voluntary liquidation, dissolution or winding up of the Company; or (3) an issuance of our common stock at a price per share less than fair market value, as determined in good faith by our Board of Directors, other than pursuant to an employee benefit plan.

For purposes of this summary the term Public Distribution Date means the effective date of the registration statement relating to the Public Distribution, and the term Public Distribution means the earlier to occur of:

- The initial underwritten initial public offering of our common stock, or

- The later of the date on which a Company registration statement filed under the Exchange Act becomes effective and the date of distribution of the shares of our common stock owned by MLC pursuant to its plan of reorganization.

The rights, restrictions and obligations under the Stockholders Agreement shall terminate with respect to a stockholder party to the Stockholders Agreement when such stockholder party beneficially owns less than 2% of the shares of our common stock then issued and outstanding.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Directors of the Registrant

The names and ages, as of March 31, 2010, of our directors and their positions and offices are as follows:

Name and (Age)	Positions and Offices
Daniel F. Akerson (61)	Managing Director and Head of Global Buyout, The Carlyle Group
David Bonderman (67)	Co-Founding Partner and Managing General Partner, TPG
Erroll B. Davis, Jr. (65)	Chancellor, University System of Georgia
Stephen J. Girsky (47)	Vice Chairman, Corporate Strategy and Business Development, General Motors Company
E. Neville Isdell (66)	Retired Chairman and Chief Executive Officer, The Coca-Cola Company
Robert D. Krebs (67)	Retired Chairman and Chief Executive Officer, Burlington Northern Santa Fe Corporation
Kent Kresa (72)	Chairman Emeritus, Northrop Grumman Corporation
Philip A. Laskawy (69)	Retired Chairman and Chief Executive Officer, Ernst & Young LLP
Kathryn V. Marinello (53)	Former Chairman and Chief Executive Officer, Ceridian Corporation
Patricia F. Russo (57)	Former Chief Executive Officer, Alcatel-Lucent
Carol M. Stephenson (59)	Dean, Richard Ivey School of Business, The University of Western Ontario
Edward E. Whitacre, Jr. (68)	Chairman and Chief Executive Officer, General Motors Company

There are no family relationships, as defined in Item 401 of Regulation S-K, between any of the directors named above. Other than as set forth in the Stockholders Agreement dated as of July 10, 2009 and amended October 15, 2009 by and among the Company, the UST, the New VEBA and Canada Holdings (Stockholders Agreement), which is described below, there is no arrangement or understanding between any of the directors named above and any other person pursuant to which he or she was elected as a director.

Daniel F. Akerson has been a member of our Board of Directors since July 24, 2009 and serves on the Directors and Corporate Governance (Chair) and Audit Committees. He has been Managing Director and Head of Global Buyout of The Carlyle Group since July 2009. He served as Managing Director and Co-Head of the U.S. Buyout Fund from 2003 to 2009. Prior to joining Carlyle, Mr. Akerson served as Chairman and Chief Executive Officer of XO Communications, Inc. from 1999 to January 2003. XO Communications, Inc. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in June 2002 and emerged from bankruptcy proceedings in January 2003. Mr. Akerson also served as Chairman of Nextel Communications from 1996 to 2001 and Chairman and Chief Executive Officer from 1996 to 1999. He held the offices of Chairman and Chief Executive Officer of General Instrument Corporation from 1993 to 1995. He is currently a director of American Express Company.

David Bonderman has been a member of our Board of Directors since July 24, 2009 and serves on the Directors and Corporate Governance and Executive Compensation Committees. He is Co-Founding Partner and Managing General Partner of TPG, a private investment firm he founded in 1992. Prior to forming TPG, Mr. Bonderman served as Chief Operating Officer of Robert M. Bass Group (now doing business as Keystone Group, L.P.) from 1983 to 1991. Mr. Bonderman currently serves as Chairman of the Board of Directors of Ryanair Holdings PLC and as a director of Armstrong Worldwide Industries, Inc., CoStar Group, Inc., a marketing and information services company in the commercial real estate industry, and Gemalto N.V., a digital security company. He also served as a director of Washington Mutual, Inc. (April 2008-December 2008), Burger King Holdings, Inc. (2002-2008), Seagate Technology, a hard drive and storage solutions manufacturer (2000-2004), and Continental Airlines, Inc. (1993-2004).

Erroll B. Davis, Jr. has been a member of our Board of Directors since July 10, 2009 and serves on the Audit and Investment Funds Committees. He was also a member of the Board of Old GM from 2007 to July 2009. Mr. Davis has served as Chancellor of the

Table of Contents

University System of Georgia, the governing and management authority of public higher education in Georgia, since 2006. From 2000 to 2006, Mr. Davis served as Chairman of Alliant Energy Corporation, and he held the offices of President and Chief Executive Officer from 1998 to 2005. He is currently a director of BP p.l.c., and Union Pacific Corporation. Mr. Davis also served as a director of PPG Industries, Inc. (1994-2007).

Stephen J. Girsky has been a member of our Board of Directors since July 10, 2009 and serves on the Investment Funds and Public Policy Committees. He has been GM Vice Chairman of Corporate Strategy and Business Development since March 1, 2010. Prior to that, he served as Senior Advisor to the Office of the Chairman of our company from December 2009 to February 2010 and President of S. J. Girsky & Company, an advisory firm, from January 2009 to March 1, 2010. From November 2008 to June 2009, Mr. Girsky was an advisor to the UAW. He served as President of Centerbridge Industrial Partners, LLC (Centerbridge), an affiliate of Centerbridge Partners, L.P., a private investment firm from 2006 to 2009. Prior to joining Centerbridge, Mr. Girsky was a special advisor to the Chief Executive Officer and the Chief Financial Officer of Old GM from 2005 to June 2006. From 1995 to 2005, he served as Managing Director at Morgan Stanley and a Senior Analyst of the Morgan Stanley Global Automotive and Auto Parts Research Team. Mr. Girsky also served as lead director of Dana Holding Corporation (2008-2009). He has been a member of the Adam Opel GmbH Supervisory Board since January 2010.

E. Neville Isdell has been a member of our Board of Directors since July 10, 2009 and serves on the Public Policy (Chair) and Directors and Corporate Governance Committees. He was also a member of the Board of Old GM from 2008 to July 2009. Mr. Isdell served as Chairman of The Coca-Cola Company from July 2008 until his retirement in April 2009. Prior to that, he held the offices of Chairman and Chief Executive Officer from 2004 to 2008. From 2002 to May 2004, he was an International Consultant to The Coca-Cola Company and head of his investment company, Collines Investments in Barbados. Mr. Isdell served as Chief Executive Officer of Coca-Cola Hellenic Bottling Company from 2000 to May 2001 and Vice Chairman from May 2001 to December 2001. He was Chairman and Chief Executive Officer of Coca-Cola Beverages Plc from 1998 to September 2000. Mr. Isdell also served as a director of SunTrust Banks, Inc. (2004-2008).

Robert D. Krebs has been a member of our Board of Directors since July 24, 2009 and serves on the Directors and Corporate Governance and Executive Compensation Committees. He served as Chairman of Burlington Northern Santa Fe Corporation (BNSF) from December 2000 until his retirement in 2002. Prior to that, he served as Chairman and Chief Executive Officer of BNSF from June 1999 until 2000. He held the offices of Chairman, President and Chief Executive Officer from 1997 to 1999. Mr. Krebs is currently a director of UAL Corporation. He also served as a director of Phelps Dodge Corporation, a mining company (now doing business as Freeport-McMoRan Copper & Gold, Inc.), from 1987 to 2006.

Kent Kresa has been a member of our Board of Directors since July 10, 2009 and serves on the Investment Funds (Chair) and Audit Committees. He was also a member of the Board of Old GM from 2003 to July 2009 and served as interim non-executive Chairman from March 2009 to July 2009. Mr. Kresa has served as Chairman Emeritus of Northrop Grumman Corporation since 2003. He held the offices of Chairman and Chief Executive Officer from 1990 to 2003. He currently serves as non-executive Chairman of the Board of Directors of Avery Dennison Corporation and as a director of Fluor Corporation and MannKind Corporation, a biopharmaceutical company.

Philip A. Laskawy has been a member of our Board of Directors since July 10, 2009 and serves on the Audit (Chair) and Investment Funds Committees. He was also a member of the Board of Old GM from 2003 to July 2009. Mr. Laskawy served as Chairman and Chief Executive Officer of Ernst & Young LLP from 1994 to 2001. Mr. Laskawy is non-executive Chairman of the Board of Directors of the Federal National Mortgage Association and a director of Henry Schein, Inc., Lazard Ltd, and Loews Corporation. He also served as a director of The Progressive Corporation (2001-2007) and Discover Financial Services (2007-2008).

Kathryn V. Marinello has been a member of our Board of Directors since July 10, 2009 and serves on the Investment Funds and Public Policy Committees. She was also a member of the Board of Old GM from 2007 to July 2009. Ms. Marinello served as Chairman and Chief Executive Officer of Ceridian Corporation, an information services company in the human resource, retail, and transportation markets from December 2007 to January 2010. Prior to that, she held the offices of President and Chief Executive Officer from 2006 to 2007. Before joining Ceridian, Ms. Marinello served as President and Chief Executive Officer of GE Fleet Services, a division of General Electric Company, from 2002 to October 2006.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Patricia F. Russo has been a member of our Board of Directors since July 24, 2009. She is Lead Director and serves on the Executive Compensation (Chair) and Directors and Corporate Governance Committees. She served as Chief Executive Officer of Alcatel-Lucent from 2006 to 2008. Prior to the merger of Alcatel and Lucent in 2006, she served as Chairman and Chief Executive Officer of Lucent Technologies, Inc. from February 2003 to 2006 and President and Chief Executive Officer from 2002 to 2003. Before rejoining Lucent in January 2002, Ms. Russo was President and Chief Operating Officer of Eastman Kodak Company from March 2001 to December 2001. Ms. Russo is currently a director of Alcoa Inc., and Merck & Co. Inc.

Carol M. Stephenson has been a member of our Board of Directors since July 24, 2009 and serves on the Investment Funds and Public Policy Committees. She has been Dean of the Richard Ivey School of Business at The University of Western Ontario (Ivey) since 2003. Prior to joining Ivey, Ms. Stephenson served as President and Chief Executive Officer of Lucent Technologies Canada from 1999 to 2003. Ms. Stephenson is currently a director of Intact Financial Services Corporation (formerly ING Canada), a provider of property and casualty insurance in Canada, and Manitoba Telecom Services Inc., a communications provider in Canada. She was a member of the General Motors of Canada Advisory Board from 2005 to July 2009.

Edward E. Whitacre, Jr. has been the Chairman of our Board of Directors since July 10, 2009. He has held the offices of Chairman and Chief Executive Officer of our company since December 1, 2009. He is also Chairman Emeritus of AT&T Inc., where he served as Chairman and Chief Executive Officer from 2005 until his retirement in 2007. Prior to the merger with AT&T, Mr. Whitacre served as Chairman and Chief Executive Officer of SBC Communications from 1990 to 2005. He is currently a director of Exxon Mobil Corporation. He also served as a director of Burlington Northern Santa Fe Corporation (1993-February 2010), Anheuser-Busch Companies, Inc. (1988-2008), Emerson Electric Co. (1990-2004), and The May Department Stores Company, now doing business as Macy's Inc. (1989-2004).

Executive Officers of the Registrant

The names and ages, as of March 31, 2010, of our executive officers, other than Messrs. Whitacre and Girsky who are discussed above, and their positions and offices with General Motors are as follows:

Name and (Age)	Positions and Offices
Christopher P. Liddell (51)	Vice Chairman and Chief Financial Officer
Robert A. Lutz (78)	Vice Chairman
Thomas G. Stephens (61)	Vice Chairman, Global Product Operations
Timothy E. Lee (59)	President, GM International Operations
David N. Reilly (60)	President, GM Europe
Mark L. Reuss (46)	President, GM North America
Mary T. Barra (48)	Vice President, Global Human Resources
Selim Bingol (49)	Vice President, Communications
Walter G. Borst (48)	Vice President and Treasurer
Nicholas S. Cyprus (56)	Vice President, Controller and Chief Accounting Officer
Terry S. Kline (48)	Vice President, Information Technology and Chief Information Officer
Michael P. Millikin (61)	Vice President and General Counsel

There are no family relationships, as defined in Item 401 of Regulation S-K, between any of the officers named above, and there is no arrangement or understanding between any of the officers named above and any other person pursuant to which he or she was selected as an officer. Each of the officers named above was elected by the Board of Directors or a committee of the Board to hold office until the next annual election of officers and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors elects the officers immediately following each annual meeting of the stockholders and may appoint other officers between annual meetings.

Christopher P. Liddell joined GM as Vice Chairman and Chief Financial Officer in January, 2010, and leads our financial and accounting operations on a global basis. Before joining GM, Liddell was CFO for Microsoft from May 2005 until December 2009, where he was responsible for leading their worldwide finance organization. Mr. Liddell had previously served as CFO at International Paper Co.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Robert A. Lutz was named Vice Chairman, specially assigned to advise on design and global product development on December 4, 2009. He was first associated with Old GM in 1963. Mr. Lutz rejoined Old GM on September 4, 2001, as Vice Chairman, Product Development, after a career with BMW, Ford, Chrysler and Exide Technologies. He was named Chairman of GM North America on November 13, 2001, and served in that capacity until April 4, 2005, when he assumed responsibility for Global Product Development. He was appointed Vice Chairman and Senior Advisor on April 1, 2009. He had served as Vice Chairman, Marketing and Communications since August 4, 2009. Mr. Lutz will retire effective May 1, 2010.

Thomas G. Stephens was named Vice Chairman, Global Product Operations in December 2009. He had been associated with Old GM since 1969. Mr. Stephens had been Vice Chairman, Global Product Development since July 10, 2009, and Vice Chairman, Global Product Development for Old GM since April 1, 2009. On January 1, 2007, Mr. Stephens was appointed Group Vice President Global Powertrain and Global Quality and became Executive Vice President on March 3, 2008. He was named Group Vice President for Global Powertrain on July 1, 2001.

Timothy E. Lee was named President, GM International Operations on December 4, 2009. He had been associated with Old GM since 1969. He had been Group Vice President, Global Manufacturing and Labor since October 1, 2009. He was named GM North America Vice President, Manufacturing in January 2006. Mr. Lee became Vice President of Manufacturing of GM Europe, on June 1, 2002.

David N. Reilly was named President, GM Europe on December 4, 2009. He had been associated with Old GM since 1975. He had been Executive Vice President, GM International Operations since August 4, 2009. He was appointed Group Vice President and President, of our former segment, GM Asia Pacific, in July 2006 and had previously been President and Chief Executive Officer of GM Daewoo Auto and Technology Company (GM Daewoo) after leading our transition team in the formation of GM Daewoo beginning in January 2002. Mr. Reilly served as Vice President, for Sales, Marketing, and Aftersales of GM Europe beginning in August 2001.

Mark L. Reuss was appointed President of GM North America on December 4, 2009. He had been associated with Old GM since 1983. Before this appointment, he served briefly as Vice President of Engineering. He managed GM's operations in Australia and New Zealand as the President and Managing Director of GM Holden, Ltd., from February 2008 until July 2009. In October 2005, Reuss was appointed Executive Director of North America vehicle systems and architecture, and the following year, he was named Executive Director of global vehicle integration, safety, and virtual development. In June, 2001, he was named Executive Director, architecture engineering and GM Performance Division.

Mary T. Barra was named Vice President, Global Human Resources on July 30, 2009. She had been associated with Old GM since 1980. Prior to this appointment, she had been Vice President, Global Manufacturing Engineering since February 2008. She had been Executive Director, Vehicle Manufacturing Engineering since January 2005, with global responsibility for General Assembly; Controls, Conveyors, Robotics and Welding; Paint and Polymer, and Advanced Vehicle Development Centers; Industrial Engineering, Global Manufacturing System Implementation, and Pre-Production Operations.

Selim Bingol was appointed Vice President, Communications on March 8, 2010, with overall responsibility for our global communications. Most recently, he served as Senior Vice President and senior partner with Fleishman-Hillard, where he specialized as a senior communications strategist to large international clients across diverse industries. He was Senior Vice President-Corporate Communications at AT&T Corporation from December 2004 until August 2007.

Walter G. Borst was appointed Vice President and Treasurer on August 4, 2009. He had been associated with Old GM since 1980. He was named Treasurer of Old GM in February 2003. From October 2000 to February 2003, Mr. Borst was Executive Director of Finance and Chief Financial Officer for our German subsidiary, Adam Opel GmbH. He is Chairman of the Supervisory Board of Adam Opel GmbH.

Nicholas S. Cyprus was named Vice President, Controller and Chief Accounting Officer on August 4, 2009. He had been associated with Old GM since December 2006, when he became Controller and Chief Accounting Officer. Prior to joining Old GM, he was

Table of Contents

Senior Vice President, Controller and Chief Accounting Officer for the Interpublic Group of Companies from May 2004 to March 2006. From 1999 to 2004, Mr. Cyprus was Vice President, Controller and Chief Accounting Officer at AT&T Corporation.

Terry S. Kline was named Vice President, Information Technology and Chief Information Officer on October 1, 2009. He had been associated with Old GM since December 2000. Previously, Mr. Kline was the Global Product Development Process Information Officer and was responsible for coordinating product development process re-engineering activities and the implementation of associated information systems across GM business sectors. From December 2004 until December 2007, he served as the Chief Information Officer for Asia Pacific.

Michael P. Millikin was appointed Vice President and General Counsel on July 20, 2009, with overall global responsibility for the legal affairs of GM. He had been associated with Old GM since 1977. Mr. Millikin was appointed Assistant General Counsel in June 2001 and became Associate General Counsel in June 2005. He is a member of the board of directors of GM Daewoo and the Supervisory Board of Adam Opel GmbH.

Stockholders Agreement

Pursuant to the Stockholders Agreement, our initial 13-person Board of Directors consisted of 10 directors designated by the UST, one director designated by Canada Holdings, one director designated by the New VEBA and our Chief Executive Officer. Daniel F. Akerson, David Bonderman, Erroll B. Davis, Jr., E. Neville Isdell, Robert D. Krebs, Kent Kresa, Philip A. Laskawy, Kathryn V. Marinello, Patricia F. Russo, and Edward E. Whitacre, Jr. were designated to the Board of Directors by the UST; Carol M. Stephenson was designated by Canada Holdings; and Stephen J. Girsky was designated by the New VEBA. Because our Board was contractually obligated to nominate the persons designated under the Stockholders Agreement to form the initial Board of Directors, the Board did not perform a detailed assessment of their backgrounds to form a conclusion that each of them should serve as a director. In the future, as the Board selects nominees, we will disclose the particular experience, qualifications, attributes, or skills that led the Board to conclude that he or she should serve.

The Stockholders Agreement provides, for each of the New VEBA and Canada Holdings, that so long as it holds at least 50% of the shares of our common stock it held at the closing of the 363 Sale, it has the right to designate one nominee to our Board of Directors, each of whom will be nominated by the Board (unless the nomination would be inconsistent with the Board's fiduciary duties). The UAW must provide prior written consent of the nominee designated by the New VEBA. If its nominee is not independent according to the criteria established in the NYSE Corporate Governance Standards, the New VEBA must obtain the prior written consent of the UST, and Canada Holdings must consult in good faith with the UST prior to making its designation. Until an initial public offering (IPO), the UST and Canada Holdings will vote for the nominees designated by the New VEBA and Canada Holdings; after an IPO, the UST and Canada Holdings will vote only in certain circumstances. As long as the Stockholders Agreement is effective, the New VEBA will vote in the same proportion as all shares voted (except for any shares held by the New VEBA or by our directors or executive officers).

Corporate Governance

Our Board of Directors believes that it should be free to choose a leadership structure that it determines is best for the Company at any specific time. On December 1, 2009 our Board requested Mr. Whitacre, the Chairman, to assume the role of CEO, following the resignation of Frederick A. Henderson, and in January 2010 our Board and Mr. Whitacre reaffirmed this decision. In our Board's judgment, the rapid and severe changes in our business and our management that we have undergone during the past year and the importance of reestablishing ourselves as a successful, stable company demands the continuity, efficiency, and centralized control that is provided by having a single individual act both as Chairman and CEO. Our Board will reconsider this determination from time to time based on changes in our circumstances and on the individuals available to lead the Company.

On March 2, 2010 our Board designated Patricia F. Russo as its Lead Director. During the time that the roles of Chairman and Chief Executive Officer are combined in one person, our Board believes that a Lead Director will provide guidance to the non-management directors in their active oversight of management, including the Chairman and CEO. Under the policy adopted on the same day, the Board's Lead Director calls all executive sessions of our non-management directors, sets the agendas, chairs the

Table of Contents

sessions, and advises the Chairman and CEO of any actions taken. Agendas for Board meetings, which are established by the Chairman using input from other directors, are reviewed and approved by the Lead Director, along with Board meeting schedules and materials. The Lead Director also serves as a liaison between the Chairman and CEO and other directors, assists the Chairman and CEO in the recruiting and orientation of new directors, presides at Board meetings when the Chairman is not present, and assumes additional responsibilities as determined by our non-management directors. Finally, the Lead Director is available for consultation and direct communication with major stockholders, if requested.

Pursuant to our Stockholders Agreement, all of our current directors were selected by the UST, the New VEBA and Canada Holdings, as described above. Only our stockholders have the ability to remove directors, with or without cause. Following an IPO, nominations for the election of directors shall be made by the Board in accordance with the Stockholders Agreement and pursuant to the recommendations by the Board's Directors and Corporate Governance Committee (Governance Committee), or by any stockholder entitled to vote for the election of directors who complies with the requirements of applicable law and of our Bylaws.

The Governance Committee is responsible for identifying potential candidates for Board membership and making its recommendations to the full Board. In assessing potential candidates the Governance Committee seeks to consider individuals with a broad range of business experience and diverse backgrounds. The Governance Committee also considers it desirable that each candidate contribute to the Board's overall diversity–diversity being broadly defined to mean a variety of opinions, perspectives, personal and professional experiences and backgrounds, such as gender, race, ethnicity or country of origin.

The selection of qualified directors is complex and crucial to our long-term success. Potential candidates for election to the Board are evaluated based upon criteria that include:

- The nature and depth of their experience in business, government, and non-profit organizations, and whether they are likely to be able to make a meaningful and constructive contribution to the Board's discussion and decision making concerning the broad array of complex issues facing the Company;
- Their demonstrated commitment to the highest ethical standards and the values of the Company;
- Their special skills, judgment, expertise, and experience that would complement or expand that of the current directors in monitoring the performance and strategic direction of the Company;
- Their ability to take into account and balance the legitimate interests and concerns of all our stockholders and other stakeholders effectively, consistently, and appropriately in reaching decisions; and
- Their global business and social perspective, personal integrity, and sound judgment.

In addition, directors must have time available to devote to Board activities and to enhance their knowledge of our Company and the global automotive industry. To assist in the identification and evaluation of qualified director candidates, the Governance Committee, on occasion, has engaged search firms that specialize in providing services for the identification and evaluation of candidates for election to corporate boards.

Our Board's primary function is oversight of management, directly and through its various committees, so that identifying and addressing the risks and vulnerabilities that we face is an important component of the Board's responsibilities, whether monitoring ordinary operations or considering significant plans, strategies or proposed transactions. Management has implemented a formal risk management process, which is directed by a risk management committee comprised of members of senior leadership. This formal risk management process is overseen by the Board's Audit Committee, which is also responsible for oversight of risk issues associated with our overall financial reporting and disclosure process and with legal compliance, as well as reviewing policies on risk control assessment and accounting risk exposure. In addition, each of our Board committees oversees the risks within its area of responsibility. For example, the Executive Compensation Committee (Compensation Committee) considers the risks that may be implicated by our executive compensation programs. While the Board is ultimately responsible for risk management, our management is responsible for day-to-day risk management processes. We believe this division of responsibilities is the most effective approach for addressing the risks facing our Company and that our Board leadership structure supports this approach.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Compliance with Section 16(a) of the Exchange Act

Federal securities laws require that directors and certain officers and stockholders who own more than 10% of the common stock of companies subject to the Exchange Act report certain changes in ownership and ownership information within specified periods. While these laws were applicable to Old GM, they will not apply to us until we register our securities under the Exchange Act. Based upon information furnished by the stockholders, directors and officers of Old GM, we believe that all required filings for 2009 were made in a timely manner.

Code of Ethics

We have adopted a code of ethics that applies to our directors, officers, and employees, including the Chairman and Chief Executive Officer, the Vice Chairman and Chief Financial Officer, the Vice President, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," is posted on our Web site at http://investor.gm.com, under "Corporate Governance." We will provide a copy of the code of ethics without charge upon request to the Corporate Secretary, General Motors Company, Mail Code 482-C38-B71, 300 Renaissance Center, P. O. Box 300, Detroit, MI 48265-3000.

Audit Committee

Our Board of Directors has a standing Audit Committee to assist the Board in fulfilling its oversight responsibilities with respect to the financial reports and other financial information provided by us to stockholders and others; our system of internal controls; our compliance procedures for the employee code of ethics and standards of business conduct; and our audit, accounting, and financial reporting processes. Daniel F. Akerson, Erroll B. Davis, Jr., Kent Kresa and Philip A. Laskawy comprise the Audit Committee. Our Board has determined that all of the members of the Audit Committee are independent, financially literate, and have accounting or related financial management expertise as required by the NYSE. The Board also has determined that Mr. Akerson, Mr. Davis, Mr. Kresa, and Mr. Laskawy (Chair) all qualify as "audit committee financial experts" as defined by the SEC.

Executive Compensation Committee

Our Board of Directors has a standing Compensation Committee. The members of our Compensation Committee are:

David Bonderman
Robert D. Krebs
Patricia F. Russo — Chair

Although Mr. Whitacre was a member of the Compensation Committee during 2009, he is no longer a member. His membership was suspended when he initially agreed to serve as CEO in December 2009, and he resigned from the Compensation Committee after the Board reaffirmed his appointment as CEO in January 2010. The Chair of the Compensation Committee has invited Mr. Whitacre to participate in meetings of the Compensation Committee, as appropriate. None of the members of our Compensation Committee are eligible to participate in any of the compensation plans or programs it administers.

The Compensation Committee's overall objective is to ensure that our compensation policies and practices support the recruitment, development, and retention of the executive talent needed for the long-term success of the Company. In doing this, the Compensation Committee must balance the need to provide competitive compensation and benefits with the guidelines and requirements of the UST Credit Agreement and the TARP regulations as they apply to Exceptional Assistance Recipients. Working with the Office of the Special Master for TARP Compensation (Special Master), the Compensation Committee reviewed and approved corporate goals and objectives related to compensation and set individual award targets for the CEO and Named Executive Officers, as well as our Senior Leadership Group (SLG) and certain other employees subject to its review.

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 11. ***Executive Compensation***

Compensation Committee Report

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis (CD&A) and, based on that review and discussion, has recommended to the Board of Directors that the CD&A be included in this 2009 Annual Report on Form 10-K.

Under the terms of the UST Credit Agreement the Compensation Committee is required to review the incentive compensation arrangements of our Named Executive Officers with the senior risk officer within 120 days of the completion of each fiscal year in which the UST Credit Agreement remains outstanding to ensure that the incentive compensation arrangements for these officers do not encourage them to take unnecessary and excessive risks that may threaten the value of the company.

In addition, the Compensation Committee is also required to review employee compensation plans and make all reasonable efforts to eliminate unnecessary risks that the plans may pose to us, and eliminate any features of these plans that would encourage the manipulation of our reported earnings to enhance the compensation of any employees.

Executive Compensation Structure Risk Assessment

Risk Assessment Process – Old GM

On April 6, 2009 the Old GM Compensation Committee met with the Chief Financial Officer in his capacity as chief risk officer to review and discuss the short-term and long-term risks that could threaten the value of Old GM and the features of Old GM's compensation arrangements for Named Executive Officers and other employees in light of those risks. At the conclusion of this review the Old GM Compensation Committee concluded that the Old GM compensation structure provided incentive for executives to appropriately balance risk and reward, and certified to the UST that the design of the Old GM incentive compensation structure for Named Executive Officers did not encourage these individuals to take unnecessary or excessive risks that threatened the value of the Old GM.

Risk Assessment Process — GM

During the period from July 10 to December 31, 2009, the Compensation Committee met quarterly with the Chief Financial Officer in his capacity as chief risk officer to review and discuss the short-term and long-term risks that could threaten the value of the Company and the features of GM's compensation arrangements for Named Executive Officers and other employees in light of those risks. The 2009 annual review was completed on March 1, 2010. At the conclusion of these reviews, the Compensation Committee concluded that the compensation structure provides incentive for executives to appropriately balance risk and reward, and certified to the UST that the design of the incentive compensation structure for our Named Executive Officers does not encourage these individuals to take unnecessary or excessive risks that threaten the value of the Company.

Working in collaboration with the Special Master, the following risk considerations were taken into account as we developed incentive plans:

- Incentive plan metrics are aligned with our business strategy;
- Performance objectives are balanced with the quality and sustainability of such performance;
- The full range of potential payouts under each plan are understood;
- Payouts are capped;
- Appropriate leverage and ratio of incentive compensation to total compensation are established;

Table of Contents

- Performance, structure, and incentive plan payouts are consistent with those of industry/peers;
- The Committee may exercise discretion where appropriate;
- Our focus on long-term performance aligns with stockholder interests;
- Our recoupment policy provides for clawback of incentive payouts based on revised financials that would result in lower incentive payout;
- The Committee reviews and discusses risk when considering incentive programs; and
- The timeframe for repaying government loans is considered.

In conducting its quarterly reviews of the proposed compensation structure, including annual cash salary, the incentive compensation recoupment provision, and the limit on severance pay, the Committee found that:

- The various performance and retention elements of the awards align the interests of the executives with the long-term health of the Company, the quality of earnings, the interests of stockholders, and the interests of the UST as a lender.
- The mix of cash and equity awards provides an appropriate balance between short-term and long-term risk and reward decisions.
- The incentive compensation recoupment feature supports the accuracy of our financial statements and encourages the executives to focus on maintaining accurate financial records and on complying with relevant accounting policies.

Executive Compensation Committee

Patricia F. Russo (Chair)
David Bonderman
Robert D. Krebs

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Executive Compensation

Compensation Discussion and Analysis

The following section contains a discussion of our executive compensation programs and our analysis of the compensation decisions affecting our Named Executive Officers during fiscal year 2009, as well as a review of executive compensation programs related to Old GM.

Compensation Discussion and Analysis — Old GM

Prior to the Old GM bankruptcy and 363 Sale, Old GM's Compensation Committee had overall responsibility for the development and administration of Old GM's executive compensation program and executive benefit plans. Old GM's Compensation Committee established the compensation philosophy and strategy; set the base salary and incentive opportunities for Old GM's CEO and SLG; established performance measures and objectives for Old GM's CEO and SLG; determined whether, and to what extent, the performance objectives were achieved; recommended to the Old GM Board the amount of incentive compensation to be paid to the Old GM CEO and Old GM SLG; and was responsible for amending and modifying Old GM's executive compensation benefit plan. Old GM's Compensation Committee also recommended to the Old GM Board perquisites and non-qualified benefits for the Old GM CEO, and approved such benefits for the Old GM SLG, as well as any employment or consulting agreements and severance arrangements for Old GM SLG members.

Prior to Old GM's bankruptcy, the Old GM Compensation Committee consisted of the following directors: Mr. John H. Bryan (Chair), Mr. Erskine B. Bowles, Mr. Armando Codina, Mr. George M. C. Fisher, and Ms. Karen Katen. The Old GM Compensation Committee met five times between January 1 and July 9, 2009. All the members of the Old GM Compensation Committee resigned from the Board by July 10, 2009.

Resignation of Mr. Wagoner and Appointment of Mr. Henderson. On March 29, 2009, Mr. Wagoner resigned as a director and stepped down from his positions as Chairman of the Board and Chief Executive Officer of Old GM. On the same date, Mr. Henderson was appointed President and Chief Executive Officer and elected to the Board of Directors of Old GM.

UST Loan Agreement Executive Compensation Limitations. Under the terms of the UST Loan Agreement, first effective on December 31, 2008, Old GM was required to comply with certain limitations on executive compensation. The most significant of these included:

- Prohibition of any severance payable to an SEO (Senior Executive Officer who is also a Named Executive Officer) and the next five most highly compensated employees (MHCEs);
- No tax deduction for any compensation in excess of $500,000 paid to an SEO;
- Prohibition of any bonus or incentive compensation payments to or accruals for the 25 MHCEs (including the SEOs), unless otherwise approved by the UST;
- Prohibition from adopting or maintaining any compensation plan that would encourage manipulation of reported earnings;
- Clawback of any bonuses or other compensation paid to any SEO in violation of any of the executive compensation provisions of the UST Loan Agreement;
- Prohibitions on incentives for SEOs that might encourage them to take unnecessary or excessive risks and a requirement that the Committee review SEO compensation arrangements with the chief risk officer within 120 days of entering into the UST Loan Agreement and quarterly thereafter; and
- Prohibition on owning or leasing private aircraft and limitations on expenditures for corporate events, travel, consultants, real estate, and corporate offices.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

These provisions also prohibited the payment of all outstanding equity awards granted prior to December 31, 2008 and disclosed in the "Outstanding Awards at Fiscal Year-End" table to the Named Executive Officers unless approved by the UST.

Bankruptcy Proceedings. On June 1, 2009, Old GM filed a motion for reorganization under the provisions of Chapter 11 of the United States Bankruptcy Code, as amended. In connection with the bankruptcy proceedings on July 10, 2009 we completed the 363 Sale and executed the UST Credit Agreement. The UST Credit Agreement reiterated the provisions of the UST Loan Agreement with respect to executive compensation and incorporated the requirements of the TARP Standards.

UST Interim Final Rule on TARP Standards for Compensation and Corporate Governance and Appointment of Special Master. On June 15, 2009 the UST published its Interim Final Rule on TARP Standards for Compensation and Corporate Governance, including the appointment of a Special Master and requirements for the approval by him of all compensation plans and payments for Old GM's SEOs and the next 20 MHCEs, as well as the compensation structure for Old GM's top 100 executives.

Base Salaries. At Mr. Wagoner's recommendation, and with the concurrence of the other executives, Old GM's Compensation Committee had reduced the base salaries of Old GM's most senior executives as follows on January 1, 2009:

• Mr. G. Richard Wagoner, Jr. — Chairman and Chief Executive Officer	$1.00 Annual Salary
• Mr. Frederick A. Henderson — President and Chief Operating Officer	30% Annual Salary Reduction
• Mr. Ray G. Young — Executive Vice President and Chief Financial Officer	20% Annual Salary Reduction

The remaining three Old GM Named Executive Officers (Mr. Robert S. Osborne, Mr. Carl-Peter Forster, and Mr. Nick S. Cyprus) received 10% salary reductions on May 1, 2009.

Annual Incentive Plan (AIP). Due to the severe economic downturn and Old GM's financial condition, no AIP target awards were established for Old GM's CEO and Old GM's SLG for 2009.

Long-Term Incentive Awards. In conjunction with Old GM's bankruptcy, all unexercised Old GM stock options, unvested restricted stock units, and unvested equity incentive plan awards were left in MLC with no consideration paid to the employees. Old GM did not make any new long-term award grants during 2009.

Perquisites and Benefits. Also as a result of the bankruptcy filing, Old GM reduced or eliminated certain employee benefits, including the following:

- Executive Retirement Plan (ERP) — For executives that were still active employees, ERP benefit accruals were reduced by 10% effective with the closing of the 363 Sale. For executives that were retired from Old GM with an annual pension benefit below $100,000, ERP benefits were reduced by 10% effective with the closing of the 363 Sale. In addition, executives that were retired from Old GM with an annual pension benefit above $100,000, the ERP benefit payable above $100,000 was reduced by two-thirds effective with the closing of the 363 Sale. Additional modifications to the ERP are discussed in the "Retirement Program Applicable to Executive Officers."

- Supplemental Life Benefits Program (SLBP) — The SLBP benefit for certain executive retirees was reduced by 50% effective May 1, 2009. Additional modifications to the SLBP are discussed in footnote (4) of the "All Other Compensation" section.

Compensation Discussion and Analysis — GM

Our Board of Directors was appointed in July 2009, following the 363 Sale. Upon its appointment, our Board began a review of the senior leadership team to assure that we have the right leadership to return the Company to sustained profitability. Our new leadership team was selected for their strategic orientation and ability to implement decisions quickly and effectively.

Objectives and Elements of GM's Compensation Program As discussed in the "Executive Compensation Committee" section, the Committee must balance the need to provide competitive compensation and benefits with the guidelines and requirements of the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

UST Credit Agreement and in the TARP regulations as they apply to Exceptional Assistance Recipients. Working with the Special Master for TARP Compensation the Committee reviewed and approved corporate goals and objectives related to compensation and set individual compensation amounts for the CEO and Named Executive Officers.

Between July 10 and December 31, 2009, representatives of management and the Compensation Committee met frequently and participated in several telephonic discussions with the Special Master to establish TARP compliant compensation, benefit, and incentive plans. Overall, "TARP compliant" compensation structures for our senior executives, including the Named Executive Officers, must be consistent with the following six general principles articulated by TARP regulations:

- **Risk.** The compensation structure should avoid incentives to take unnecessary and excessive risk, e.g., should be paid over a time horizon that takes into account the appropriate risk horizon;
- **Taxpayer Return.** The compensation paid should recognize the need for GM to remain viable and competitive, and to retain and recruit critical talent;
- **Appropriate Allocation.** The structure should appropriately allocate total compensation to fixed and variable pay elements resulting in an appropriate mix of long- and short-term pay elements;
- **Performance-Based Compensation.** An appropriate portion of total compensation should be performance based over a relevant performance period;
- **Comparable Structures and Payments.** Structures and amounts should be competitive with those paid to persons in similar positions at similarly situated companies; and
- **Employee Contribution to TARP Recipient Value.** Compensation should reflect the current and prospective contributions of the individual employee to the value of the Company.

Total Compensation Framework

With these principles in mind, the Special Master determined that the following standards would be applied in setting compensation for our Named Executive Officers:

- Cash — Base salary should not exceed $500,000 per year, except in appropriate cases for good cause shown. Guarantees of "bonus" or "retention" awards are not permitted for Named Executive Officers. Overall, cash compensation for senior executives was reduced 31% from 2008 levels.
- Salary stock – comprises the majority of each senior executive's total annual compensation. Salary stock units (SSUs) vest immediately and are payable in three equal, annual installments beginning on the second anniversary of the quarter in which they were deemed to have been granted, or one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.
- Long-term restricted stock units — should not exceed one-third of total annual compensation and will be based on annual business performance. The restricted stock units will be forfeited unless the employee remains with the Company for at least three years following grant, and will only be redeemed after the third anniversary date of the grant in 25% installments for each 25% installment of our TARP obligations that is repaid.
- Benefits and perquisites –All "other" compensation and perquisites may not exceed $25,000 for Named Executive Officers except in exceptional circumstances for good cause shown (e.g., payments related to expatriate assignments). No severance benefits may be accrued or tax "gross-ups" paid, and no additional amounts under supplemental executive retirement plans or other "non-qualified deferred compensation" plans could be credited after October 22, 2009 for Messrs. Young, Cole, and Henderson, and after December 11, 2009 for Messrs. Stephens and Lutz.

Table of Contents

Total annual compensation for each senior executive reflects the individual's value to GM and was targeted at the 50th percentile of total compensation provided to persons in similar positions or roles at similar companies. Total direct compensation, excluding benefits and perquisites, for senior executives was decreased 24.7% from 2008 levels. All incentives paid to these Named Executive Officers are subject to recovery or "clawback" if payments are later found to be based on materially inaccurate financial statements or other materially inaccurate performance metrics, or if the executive is terminated due to any misconduct that occurred during the period in which the incentive was earned.

Assessing Compensation Competitiveness

With the completion of the 363 Sale, the starting point for our compensation planning was assuring compensation competitiveness and leadership strength. For this reason, although recognizing that our 2009 program would be shaped by the parameters of the TARP regulations for Exceptional Assistance Recipients, we began our planning with a review of our compensation program in comparison to compensation opportunities provided by other large companies. We cannot limit the group to our industry alone because compensation information is not available from most of our major competitors. We also believe it is important to understand the compensation practices for Named Executive Officers at other U.S. based multinationals as it affects our ability to attract and retain diverse talent around the globe.

During 2009 we used a comparator group of 23 companies whose selection was based on the following criteria:

- Large Fortune 100 companies (annual revenue from $18.4 billion to $477.3 billion);
- Complex business operations, including significant research and development, design, engineering, and manufacturing functions with large numbers of employees;
- Global enterprises;
- Broad representation across several industries of companies that produce products, rather than services.

2009 Comparator Companies

Company	GICS Category	Company	GICS Category
Ford Motor Company	Consumer Discretionary	Johnson & Johnson	Consumer Staples
Johnson Controls Inc.	Consumer Discretionary	Pepsico, Inc.	Consumer Staples
Dell	IT	The Procter & Gamble Company	Consumer Staples
Hewlett-Packard Company	IT	Chevron Corporation	Energy
International Business Machines Corporation	IT	Conoco Phillips	Energy
Alcoa, Inc.	Industrial	Exxon Mobil Corporation	Energy
The Boeing Company	Industrial	Abbott Laboratories	Healthcare
Caterpillar Inc.	Industrial	Pfizer	Healthcare
General Electric Company	Industrial	Archer Daniels Midland Company	Materials
Honeywell International Inc.	Industrial	E.I. du Pont De Nemours & Company	Materials
Lockheed Martin	Industrial	The Dow Chemical Company	Materials
United Technologies Corporation	Industrial		

Role of Management in Compensation Decisions

During his tenure as CEO, Mr. Henderson believed compensation had an important function in aligning and motivating the executive team to achieve key corporate objectives, and he played an active role in the development of our compensation plans. He personally reviewed the proposed individual compensation of our SLG. Mr. Henderson attended Compensation Committee meetings at the invitation of the Chairman and provided input to the Compensation Committee regarding the compensation of the Named Executive Officers reporting to him.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 Compensation for Named Executive Officers

Based on the compensation objectives and elements described above, and in cooperation with the Special Master for TARP Compensation, 2009 compensation was established for our Named Executive Officers listed below and described in the tables that follow this report:

Edward E. Whitacre, Jr.	Chairman of the Board and Chief Executive Officer
Thomas G. Stephens	Vice Chairman, Global Product Operations
Robert A. Lutz	Vice Chairman
Ray G. Young	Executive Vice President and Chief Financial Officer
Kenneth W. Cole	Vice President, Global Public Policy and Government Relations
Frederick A. Henderson	President and Chief Executive Officer (Separated)
G. Richard Wagoner, Jr.	Chairman of the Board and Chief Executive Officer (Retired)

Base Salaries and Salary Stock

As noted above in our discussion of TARP principles and Special Master guidelines, cash base salaries for Named Executive Officers of TARP Exceptional Assistance Recipients are not allowed to exceed $500,000 per year, except in appropriate cases approved by the Special Master for good cause shown (e.g., the retention of critical talent and competitive compensation data for individuals in comparable positions). We relied on our comparator information for similar positions to support our recommendations for setting base salaries for each Named Executive Officer. Although cash salaries exceeded the $500,000 guideline in all cases except Mr. Young and Mr. Cole as shown in the table below, they are well below the cash base salaries paid at comparator companies and are supplemented by the amounts set for SSUs for each senior executive.

We finalized our compensation planning for Named Executive Officers with the Special Master in late 2009. Although base salaries had been impacted by reductions earlier in 2009, in determining the total annual compensation, including new salary amounts, for Messrs. Stephens, Lutz, Young, Cole, and Henderson, we relied on the comparator data for total compensation at the 50th percentile for each respective position. We then excluded one-third of the value for long-term restricted stock units, and adjusted the allocation between cash and SSUs in accordance with TARP guidelines as follows:

	Cash Salary	SSUs	Total
Mr. Stephens	$ 900,000	$ 945,833	$1,845,833
Mr. Lutz	$ 900,000	$1,070,833	$1,970,833
Mr. Young	$ 500,000	$ 576,668	$1,076,668
Mr. Cole	$ 500,000	$ 935,543	$1,435,543
Mr. Henderson	$ 950,000	$2,421,668	$3,371,668

SSUs were granted to senior executives each pay period following approval by the Special Master. SSUs are determined as a dollar amount through the date salary is earned, accrued at the same time as salary would otherwise be paid, and vest immediately upon grant, with the number of SSUs based on the most current value of the Company on the date of the grant. To assure that our compensation structure appropriately allocates a portion of compensation to long-term incentives, these vested units will become payable in three equal, annual installments beginning on the second anniversary of the quarter in which they were deemed to have been granted, with each installment payable one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced. As the compensation plans were not finalized until late in 2009, amounts earned for earlier 2009 pay periods will become payable on their anniversary dates as if they had been credited on a *nunc pro tunc* basis throughout 2009 beginning January 1, and will be paid on the anniversary of the quarter in which they were deemed to have been granted.

Mr. Whitacre was named CEO on December 1, 2009. He received no 2009 cash salary or SSU grant as he was not an employee of the Company during the 2009 fiscal year. His compensation was paid in the form of a director's retainer as described in the following "Summary Compensation Table."

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Mr. Wagoner retired on August 1, 2009. His compensation was reduced to $1 on January 1, 2009, and he did not receive a salary increase or an SSU grant in 2009. His retirement benefit was determined under the provisions of Old GM SRP and Old GM ERP plans.

Long-Term Restricted Stock

Long-term restricted stock unit grants were planned and reviewed with the Special Master as part of our overall compensation structure. These grants are based on 2009 operating cash flow results against targeted performance, and were granted on March 15, 2010, to Named Executive Officers in the following amounts: Mr. Stephens, $1,016,667 and Mr. Young, $630,000.

"Other" Compensation, Benefits, and Perquisites

Pursuant to TARP regulations, the Special Master determined that no more than $25,000 in total "other" compensation and perquisites may be provided to Named Executive Officers, absent exceptional circumstances for good cause shown. Payments related to expatriate assignments are not included in this total. Detailed disclosure of these items for the Named Executive officers appears in footnote (9) to the "Summary Compensation Table," and any exceptions to this guideline were reviewed and approved by the Special Master.

2009 accruals for non-qualified supplemental executive retirement and deferred compensation plans for Named Executive Officers ceased as described in "Summary Compensation Table" footnote (9). No severance payment to which a Named Executive Officer becomes entitled in the future may take into account any salary increase or payment of salary stock awarded during 2009, and none of the Named Executive Officers may receive a severance payment of any kind during the TARP period.

Stock Ownership Guidelines

We continue to believe it is important to align the interests of senior executives with those of stockholders, and will review our stock ownership guidelines and practices after an IPO has been completed.

Employment Agreements

We had no employment agreements with Messrs. Stephens, Young, or Henderson that provided them with special compensation arrangements. In addition, we do not maintain any plan providing benefits related to a change-in-control of the Company, and none of our current incentive plans contain such provisions. Employment arrangements with Messrs. Whitacre, Lutz, and Cole are discussed following the "Potential Payments Upon Termination or Change in Control" section.

Recoupment Policy on Incentive Compensation

In October 2006, the Old GM Board adopted a policy regarding the recoupment of incentive compensation paid to executive officers after January 1, 2007 and unvested portions of awards previously granted in situations involving financial restatement due to employee fraud, negligence, or intentional misconduct. The policy was published on Old GM's Web site. In addition, Old GM included provisions in all executive incentive and deferred compensation plans referencing Old GM's Board compensation policies, and required that the compensation of all executives covered by this policy be subject to this recoupment clause.

On September 8, 2009, our Board reaffirmed this policy and re-published it on our Web site, consistent with the requirements for TARP recipients. Our recoupment policy now provides that if our Board or an appropriate committee thereof has determined that any bonus, retention award, or incentive compensation has been paid to any Senior Executive Officer or any of the next 20 MHCEs of the Company based on materially inaccurate misstatement of earnings, revenues, gains, or other criteria, the Board or Compensation Committee shall take, in its discretion, such action as it deems necessary to recover the compensation paid, remedy the misconduct, and prevent its recurrence. For this purpose, a financial statement or performance metric shall be treated as materially inaccurate with respect to any employee who knowingly engaged in providing inaccurate information or knowingly failed to timely correct information relating to those financial statements or performance metrics.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Luxury Expense Policy

As required by TARP regulations, we have adopted a luxury expense policy and published it on our Web site. The policy's governing principles establish expectations for every business expense, embodying the integrity and values that promote the best interests of the enterprise.

Luxury or excessive expenditures are not reimbursable under the policy. Such expenditures may include, but are not limited to expenditures on entertainment or events, office and facility renovations, aviation, transportation services, or other activities or events that are not reasonable expenditures for staff development, performance incentives, or other similar measures conducted in the normal course of business operations. Guidelines relating to transportation expenses are discussed in the "All Other Compensation" table that follows this report.

Tax Considerations

As a recipient of TARP funds, 2009 base salaries for Named Executive Officers, up to an individual maximum of $500,000 were tax deductible. No tax deductions for performance-based incentive awards are allowable.

2010 Compensation for Named Executive Officers

We have developed our 2010 compensation structure for our Named Executive Officers pursuant to the provisions of the UST Credit Agreement, Special Master Determinations, and TARP regulations. The elements of these plans are based on the same principles as our 2009 plans:

- Avoidance of incentives to take unnecessary and excessive risk;
- Recognition of the need for us to remain viable and competitive, and to retain and recruit critical talent;
- Appropriate allocation of total compensation to fixed, variable, long term, and short term pay elements;
- Pay is performance-based over a relevant performance period;
- Structures and amounts are competitive with those paid to employees in comparable positions by similarly situated companies; and
- The employee's contribution to enterprise value is recognized.

With these principles as a foundation, we will again compensate our Named Executive Officers with cash salary, SSUs, and performance-based long-term restricted stock units, consistent with proportions and guidelines utilized in our 2009 plans and determinations made by the Special Master.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 SUMMARY COMPENSATION TABLE

(a) Name and Principal Position	(b) Year	(c) Salary $	(d) Bonus $	(e) Stock Awards (6)	(f) Stock Options (7) $	(g) Non-Equity Incentive Plan Compensation $	(h) Pension Value and N Q Deferred Compensation (8) $	(i) All Other Compensation (9) $	(j) TOTAL $
Whitacre, Jr., E.E. (1) Chairman and CEO	2009							$ 181,308	$ 181,308
Stephens, T.G.	2009	$1,087,500	$ 0	$ 945,833	$ 0	$ 0	$ 0	$ 78,785	$ 2,112,118
Vice Chairman - Global	2008	$ 970,833	$ 0	$1,375,000	$ 637,875	$ 0	$ 644,300	$ 140,621	$ 3,768,629
Product Operations	2007	$ 825,000	$ 0	$2,218,637	$ 437,500	$ 468,000	$ 1,528,100	$ 112,499	$ 5,589,736
Lutz, R.A.	2009	$1,379,167	$ 0	$1,070,833	$ 0	$ 0	$ 0	$ 175,854	$ 2,625,854
Vice Chairman	2008	$1,678,000	$ 0	$4,387,800	$1,822,500	$ 0	$ 0	$ 674,199	$ 8,562,499
	2007	$1,279,167	$ 0	$4,018,283	$2,187,500	$1,026,000	$ 0	$ 516,506	$ 9,027,456
Young, R.G. (2)	2009	$ 683,333	$ 0	$ 576,668	$ 0	$ 0	$ 345,200	$ 21,573	$ 1,626,774
Executive Vice President and Chief Financial Officer	2008	$ 850,000	$ 0	$1,007,234	$ 637,875	$ 0	$ 85,000	$ 93,003	$ 2,673,112
Cole, K.W. (3) Vice President Global Public Policy and Gov't. Rel.	2009	$ 643,417	$785,000	$ 935,543	$ 0	$ 0	$ 0	$ 49,907	$ 2,413,867
Henderson, F.A. (4)	2009	$1,208,333	$ 0	$2,421,668	$ 0	$ 0	$ 0	$ 400,764	$ 4,030,765
President and CEO (Sep)	2008	$1,719,667	$ 0	$3,422,030	$3,222,500	$ 0	$ 264,500	$ 348,710	$ 8,977,407
	2007	$1,279,167	$ 0	$4,018,283	$2,187,500	$1,026,000	$ 748,300	$ 805,848	$10,065,098
Wagoner, Jr., G.R. (5)	2009	$ 1	$ 0	$ 0	$ 0	$ 0	$ 0	$ 2,833,809	$ 2,833,810
Chairman and CEO (Ret)	2008	$2,108,333	$ 0	$4,786,076	$7,145,000	$ 0	$ 1,583,800	$ 836,703	$16,459,912
	2007	$1,558,333	$ 0	$7,308,783	$4,375,000	$1,802,000	$ 4,020,400	$ 697,358	$19,761,874

(1) Mr. Whitacre was named Chairman and CEO effective December 1, 2009. He was elected Chairman of our Board of Directors on July 10, 2009. The compensation shown in All Other Compensation reflects retainer amounts paid to him for his service as Board member, Governance Committee Chair, and Chairman of the Board during fiscal year ending December 31, 2009.

(2) Mr. Young was appointed Vice President-International Operations in Shanghai, China on February 1, 2010. During the fiscal year ending December 31, 2009 he served as Executive Vice President and Chief Financial Officer of Old GM and GM. Mr. Christopher P. Liddell was appointed Vice Chairman and Chief Financial Officer on January 1, 2010.

(3) On December 30, 2009, Mr. Cole announced that he would retire in 2010. He will continue to provide public policy support as a special advisor until his retirement. Mr. Cole's guaranteed payment of $785,000 was made pursuant to the terms of his employment agreement with Old GM and pre-dated the UST Credit Agreement. This payment was reviewed with the UST as part of our 2009 compensation planning and the agreement was terminated on September 4, 2009.

(4) Mr. Henderson was appointed President and CEO of Old GM on March 29, 2009. He had been President and Chief Operating Officer of Old GM since March 3, 2008. He was subsequently appointed President and CEO of GM on July 10, 2009. He resigned as a director and as President and CEO of GM on December 1, 2009. His employment terminated on December 31, 2009. As a result of his employment termination, Mr. Henderson is only eligible for a deferred vested pension benefit from the SRP.

(5) Mr. Wagoner resigned as a director and as Chairman and CEO of Old GM on March 29, 2009. He retired on August 1, 2009.

(6)(7) For 2009, the amounts shown in this column reflect the value of SSUs at their grant dates to each of the Named Executive Officers. Individual grants are discussed previously in the "CD&A", as well as in the "2009 Grants of Plan Based Awards" table and narrative. We describe the valuation assumptions used in measuring the expense in Note 29 to the consolidated financial statements, "Stock Incentive Plans."

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The 2008 and 2007 awards include equity awards and stock options granted by Old GM to the Named Executive Officers. These 2008 and 2007 awards are included in the Summary Compensation Table above at their grant date fair value and we describe the valuation assumptions used in measuring the expense in Note 29 to the consolidated financial statements, "Stock Incentive Plans." These Old GM awards have no future value as we did not assume them on July 10, 2009. A more accurate reflection of their expected value is shown in the following table:

Name and Principal Position	Year	Salary $	Bonus $	Stock Awards	Stock Options $	Non-Equity Incentive Plan Compensation $	Change in Pension Value and NQ Deferred Compensation $	All Other Compensation $	TOTAL $
Stephens, T.G.	2008	$ 970,833	$ 0	$ 0	$ 0	$ 0	$ 644,300	$ 140,621	$1,755,754
Vice Chairman - Global Product Operations	2007	$ 825,000	$ 0	$ 0	$ 0	$ 468,000	$1,528,100	$ 112,499	$2,933,599
Lutz, R.A.	2008	$1,678,000	$ 0	$ 0	$ 0	$ 0	$ 0	$ 674,199	$2,352,199
Vice Chairman	2007	$1,279,167	$ 0	$ 0	$ 0	$1,026,000	$ 0	$ 516,506	$2,821,673
Young, R.G.	2008	$ 850,000	$ 0	$ 0	$ 0	$ 0	$ 85,000	$ 93,003	$1,028,003
Executive Vice President and Chief Financial Officer									
Henderson, F.A.	2008	$1,719,667	$ 0	$ 0	$ 0	$ 0	$ 264,500	$ 348,710	$2,332,877
President and CEO (Sep)	2007	$1,279,167	$ 0	$ 0	$ 0	$1,026,000	$ 748,300	$ 805,848	$3,859,315
Wagoner, Jr., G.R.	2008	$2,108,333	$ 0	$ 0	$ 0	$ 0	$1,583,800	$ 836,703	$4,528,836
Chairman and CEO (Ret)	2007	$1,558,333	$ 0	$ 0	$ 0	$1,802,000	$4,020,400	$ 697,358	$8,078,091

(8) Pension values actuarially decreased during 2009 for Messrs. Stephens, Lutz, Cole, Henderson, and Wagoner but are shown in column (h) as $0, consistent with SEC reporting guidelines.

(9) ***All Other Compensation*** — Totals for amounts reported as All Other Compensation in column (i) are described below. Mr. Whitacre did not participate in these plans during 2009; the amount reported as his All Other Compensation reflects the amount paid to him as a director.

	E. E. Whitacre, Jr.	T. G. Stephens	R. A. Lutz	R. G. Young	K. W. Cole	F. A. Henderson	G. R. Wagoner, Jr.
(i) Personal Benefits	$ 2,091	$ 15,735	$ 55,829	$ 11,829	$ 11,888	$ 377,924	$ 289,660
(ii) Tax Reimbursements		$ 5,294	$ 5,626	$ 1,798	$ 3,139	$ 2,039	$ 5,687
(iii) Savings Plan Contributions		$ 9,334	$ 36,049	$ 1,650	$ 15,540	$ 2,888	$ 0
(iv) Insurance and Death Benefits		$ 47,322	$ 77,250	$ 5,196	$ 18,915	$ 16,813	$ 2,537,362
(v) Other	$ 179,217	$ 1,100	$ 1,100	$ 1,100	$ 425	$ 1,100	$ 1,100
Total All Other Compensation	$ 181,308	$ 78,785	$175,854	$ 21,573	$ 49,907	$ 400,764	$ 2,833,809

(i) See "Personal Benefits" table below for additional information.

(ii) Includes payments made on the executives' behalf by the Company for the payment of taxes related to executive company program vehicles from January 1 until June 15, 2009, and for spousal accompaniment on business travel.

(iii) Includes employer contributions to tax-qualified and non-qualified savings and excess benefit plans. For Messrs. Lutz and Cole, amounts also include tax-qualified retirement plan contributions and post-retirement healthcare contributions; the non-qualified retirement plan contributions are included in the "2009 Pension Benefits" table. Non-qualified employer contributions were suspended for Messrs. Young, Cole, and Henderson on October 22, 2009, and for Messrs. Stephens and Lutz on December 11, 2009.

(iv) Includes Supplemental Life Benefits Program cash benefits paid upon the death of an active executive at three times annual salary for executives appointed prior to January 1, 1989 and two times annual salary for executives appointed on January 1, 1989

Table of Contents

or later. No income is imputed to the executive and the benefit is taxable as ordinary income to survivors when paid. The incremental cost reflects amounts contained in IRS Table 1 for insurance premiums at comparable coverage limits based on the executive's age. SLBP benefits were eliminated for retirees on August 1, 2009. SLBP benefits for active executives will be eliminated effective May 1, 2010 and benefits will be provided under a Group Variable Universal Life insurance plan. The amount shown for Mr. Wagoner represents the taxable cash value proceeds of a split dollar life insurance policy maintained for him by the Company. The Company terminated the policy, received a return of the cash value, and paid the proceeds to him following his retirement.

(v) Includes the cost of premiums for personal umbrella liability insurance. Program coverage was eliminated January 1, 2010, and existing program participants were allowed to continue coverage on a self-paid basis. For Mr. Whitacre, cost includes annual retainer, Governance Committee Chair, and Chairman of the Board fees and personal accident insurance premium.

Personal Benefits — Amounts shown below for personal benefits include the incremental costs for executive security services and systems, the executive company vehicle program, executive health evaluations, and financial counseling. During 2009 we divested ourselves of any private passenger aircraft or any interest in such aircraft, and private passenger aircraft leases, and we did not maintain company aircraft for employees' business or personal use.

	E. E. Whitacre, Jr.	T. G. Stephens	R. A. Lutz	R. G. Young	K. W. Cole	F. A. Henderson	G. R. Wagoner, Jr.
(i) Security	$ 0	$ 1,924	$45,313	$ 1,313	$ 0	$ 364,428	$ 276,144
(ii) Company Vehicle Program	$ 2,091	$ 1,516	$ 1,516	$ 1,516	$ 1,516	$ 1,516	$ 1,516
(iii) Financial Counseling	$ 0	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 9,000	$ 12,000
(iv) Medical Evaluations	$ 0	$ 3,295	$ 0	$ 0	$ 1,372	$ 2,980	$ 0
Total	$ 2,091	$ 15,735	$55,829	$ 11,829	$ 11,888	$ 377,924	$ 289,660

(i) As part of a comprehensive security study, residential security systems and services were maintained for Messrs. Wagoner and Henderson and vehicles and drivers are available for business-related functions. The associated cost includes the actual costs of the residential systems including installation and monitoring of security systems and allocation of staffing expenses for personal protection during 2009. Vehicle and driver costs associated with daily commuting are deemed "personal benefits," and, as such, are imputed as income to the executives and are included at their full incremental cost in these security expenses. In 2009 they totaled $22,799 for Mr. Lutz, $996 for Mr. Stephens, $1,313 for Mr. Young, $16,752 for Mr. Henderson, and $4,559 for Mr. Wagoner.

(ii) Includes the incremental cost to maintain the executive company vehicle program fleet that is allocated to each executive and includes lost sales opportunity and incentive costs, if any; fuel, maintenance, and repair costs; insurance claims, if any; licensing and registration fees; and use taxes. Executives electing to participate in the program are required to purchase or lease at least one GM vehicle every four years and asked to evaluate the vehicles they drive, thus providing feedback about our products. Participants are required to pay a monthly administration fee of $300 and are charged with imputed income based on the value of the vehicle they choose to drive. During part of 2009, participants were reimbursed for taxes on this income, subject to a maximum vehicle value. Beyond this maximum amount, taxes assessed on imputed income are the responsibility of the participant. Tax "gross-ups" were eliminated on June 15, 2009 for Named Executive Officers and on February 1, 2010 for other executives. Mr. Whitacre's vehicle was provided under the provisions of the vehicle program for directors.

(iii) Costs associated with financial counseling and estate planning services with one of several approved providers.

(iv) Costs for medical services incurred by the Corporation in providing executive health evaluations with one of several approved providers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 GRANTS OF PLAN BASED AWARDS

As a TARP recipient under the jurisdiction of the Special Master, we have adopted a new equity compensation plan, the Salary Stock Plan. Pursuant to plan terms and upon approval of the Special Master, Named Executive Officers receive a portion of their total annual compensation in the form of salary stock units (SSUs). In 2009 SSUs were granted on each salary payment date to Named Executive Officers in lieu of a portion of their total annual compensation based on the most current valuation of the Company as determined by an independent third party. SSUs are non-forfeitable and will be paid in three equal installments at each of the second, third, and fourth anniversary of the quarter in which they were deemed to have been granted, and may be paid one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.

				Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
Name (1)	Award Type	Grant Date	Approval Date (2)	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	(#)	(#)	($/Share) ($)	($)
T. G. Stephens	SSU	12/31/2009	11/2/2009							17,522			945,833
R. A. Lutz	SSU	12/31/2009	11/2/2009							19,838			1,070,833
R. G. Young	SSU	11/13/2009	11/2/2009							3,709			144,167
	SSU	11/30/2009	11/2/2009							3,709			144,167
	SSU	12/15/2009	11/2/2009							3,709			144,167
	SSU	12/31/2009	11/2/2009							2,671			144,167
													576,668
K. W. Cole	SSU	11/13/2009	11/2/2009							2,632			102,306
	SSU	11/30/2009	11/2/2009							2,632			102,306
	SSU	12/15/2009	11/2/2009							2,632			102,306
	SSU	12/31/2009	11/2/2009							11,646			628,625
													935,543
F. A. Henderson	SSU	11/13/2009	11/2/2009							15,576			605,417
	SSU	11/30/2009	11/2/2009							15,576			605,417
	SSU	12/15/2009	11/2/2009							15,576			605,417
	SSU	12/31/2009	11/2/2009							11,216			605,417
													2,421,668

(1) Messrs. Whitacre and Wagoner are not included in this table as they did not receive grants under this plan during 2009

(2) On November 2, 2009 the ECC took action to approve grants of SSUs to be made on various salary payment dates as determined by and subject to the approval of the Special Master. The unit value for the November 13, November 30, and December 15 grant dates was $38.87 based on the July 10, 2009 valuation. The unit value for the December 31 grant date was $53.98, based on the December 31, 2009 valuation. When salary amounts were converted to SSUs, fractional shares were rounded up to the nearest whole share.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2009

All of the awards reflected in the table below were granted by Old GM and all obligations in respect thereto were retained by Old GM. The awards reflected in this table, while valued as required by SEC rules, are expected to have a realized value of $0. This table does not include any SSUs we granted in 2009 to our Named Executive Officers.

	Option Awards (1)						Stock Awards				
(a)		(b)	(c)	(d)	(e)	(f)		(g)	(h)	(i)	(j)
Name	Grant Date	Number of Securities Underlying Unexercised Options (# Exercisable)	Number of Securities Underlying Unexercised Options (# Un-exercisable)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Grant Date	Number of Shares or Units of Stock That Have Not Vested (2)	Market Value of Shares or Units of Stock That Have Not Vested (2)	Equity Incentive Plan Awards: Number of Unearned Shares, Units, or Other Rights That Have Not Vested (3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units, or Other Rights That Have Not Vested (3)
		(#)	(#)	(#)	($)			(#)	($)	(#)	($)
T. G. Stephens	3/05/2008	29,168	58,332		23.13	3/06/2018	3/05/2008	22,688	10,686	2,760	1,300
	3/20/2007	33,334	16,666		29.11	3/21/2017	3/20/2007	15,000	7,065		
	2/23/2006	36,000			20.90	2/24/2016					
	1/24/2005	32,000			36.37	1/25/2015					
	1/23/2004	32,000			53.92	1/24/2014					
							6/02/2003	9,000	4,239		
	1/21/2003	40,000			40.05	1/22/2013					
	2/04/2002	20,000			50.82	2/05/2012					
	1/07/2002	40,000			50.46	1/08/2012					
	1/08/2001	20,000			52.35	1/09/2011					
	1/10/2000	18,000			75.50	1/11/2010					
R. A. Lutz	3/05/2008	83,334	166,666		23.13	3/06/2018	3/05/2008	60,000	28,260	18,396	8,665
	3/20/2007	166,667	83,333		29.11	3/21/2017	3/20/2007	36,000	16,956		
	2/23/2006	106,664			20.90	2/24/2016					
	1/24/2005	160,000			36.37	1/25/2015					
	1/23/2004	160,000			53.92	1/24/2014					
	1/21/2003	200,000			40.05	1/22/2013					
	2/04/2002	100,000			50.82	2/05/2012					
	1/07/2002	100,000			50.46	1/08/2012					
	9/04/2001	200,000			54.91	9/05/2011					
R. G. Young	3/05/2008	29,168	58,332		23.13	3/06/2018	3/05/2008	20,236	9,531	2,760	1,300
	3/20/2007	10,000	5,000		29.11	3/21/2017	3/20/2007	3,651	1,720		
	2/23/2006	10,000			20.90	2/24/2016					
							6/06/2005	29,412	13,853		
	1/24/2005	12,800			36.37	1/25/2015					
	1/23/2004	12,800			53.92	1/24/2014					
	1/21/2003	16,000			40.05	1/22/2013					
	2/04/2002	7,000			50.82	2/05/2012					
	1/07/2002	14,000			50.46	1/08/2012					
	1/08/2001	7,500			52.35	1/09/2011					
	1/10/2000	6,000			75.50	1/11/2010					
K. W. Cole	3/05/2008	11,459	22,916		23.13	3/06/2018	3/05/2008	10,890	5,129	1,153	543
	3/20/2007	13,334	6,666		29.11	3/21/2017	3/20/2007	3,651	1,720		
	2/23/2006	15,000			20.90	2/24/2016					
	1/24/2005	16,000			36.37	1/25/2015					
	1/23/2004	16,000			53.92	1/24/2014					
	1/21/2003	20,000			40.05	1/22/2013					
	2/04/2002	10,000			50.82	2/05/2012					
	1/07/2002	20,000			50.46	1/08/2012					
	8/06/2001	20,000			63.76	8/07/2011					
G. R. Wagoner, Jr.	3/05/2008		500,000		23.13	3/05/2013					
	3/05/2008	500,000			23.13	3/06/2018					
	3/20/2007	500,000			29.11	3/21/2017	3/20/2007	57,000	26,847		
	2/23/2006	400,000			20.90	2/24/2016					
	1/24/2005	400,000			36.37	1/25/2015					
	1/23/2004	400,000			53.92	1/24/2014					
	1/21/2003	500,000			40.05	1/22/2013					
	2/04/2002	100,000			50.82	2/05/2012					
	1/07/2002	500,000			50.46	1/08/2012					
	1/08/2001	400,000			52.35	1/09/2011					
	6/01/2000	50,000			70.10	6/02/2010					
	1/10/2000	200,000			75.50	1/11/2010					

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END 2009
Old GM Plans

We did not assume any of the Old GM plans and we do not expect to pay any awards under these plans.

(1) The stock options in columns (b) and (c) above were granted by Old GM to the Named Executive Officers in a combination of non-qualified and Incentive Stock Options (ISOs) up to the IRC maximum limit on ISOs, on the grant dates shown. Options become exercisable in three equal annual installments commencing on the first anniversary of the date of grant. The ISOs expire ten years from the date of grant, and the non-qualified options expire two days later. However, we assumed none of these outstanding stock options and they are not expected to vest, be exercised, or have any future value.

(2) The amounts in columns (g) and (h) for 2008 and 2007 reflect RSU and CRSU grants by Old GM that, under their original terms, would vest ratably at various dates over several years. The awards are valued in column (h) based on the closing price of MLC Common Stock which is still being traded under the symbol MTLQQ (Pink Sheets) on December 31, 2009 ($0.471). However, we assumed none of these outstanding awards and they are not expected to vest, be earned, pay out, or have any future value.

(3) Amounts in columns (i) and (j) reflect long term incentive awards granted by Old GM to Named Executive Officers. Award opportunities cover the 2008-2010 performance period and were granted under the Old General Motors 2007 Long-Term Incentive Plan. Each unit in the table refers to a share of MLC Common Stock. The SPP grant may be earned in four discrete installments based on the Total Shareholder Return (TSR) ranking results of three one-year periods and one three-year period. Each installment, if earned, would have been credited as share equivalents and, at the end of the three-year performance period, the value of the number of share equivalents credited would be paid in cash based on the stock price at the end of the performance period. For the 2008-2010 plan, no amount was credited for the 2008 or 2009 periods, and the shares shown also reflect two remaining installments at the threshold (50%) level. The awards are valued in column (j) based on the closing price of MLC Common Stock on December 31, 2009 ($0.471). However, we assumed none of these outstanding awards and they are not expected to vest, be earned, pay out, or have any future value.

Mr. Henderson terminated employment on December 31, 2009, and forfeited all outstanding unvested equity awards.

2009 OPTION EXERCISES AND STOCK VESTED

[a]	Option Awards		Stock Awards	
	[b]	[c]	[d]	[e]
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)
T. G. Stephens	0	0	17,522	945,833
R. A. Lutz	0	0	19,838	1,070,833
R. G. Young	0	0	13,798	576,668
K. W. Cole	0	0	19,542	935,543
F. A. Henderson	0	0	57,944	2,421,668

Old GM Plans

The Named Executive Officers exercised no stock options and did not acquire any shares or receive any cash payments as a result of vesting of RSUs, CRSUs, or outstanding performance shares. We assumed none of these outstanding stock options or equity awards. Pursuant to the UST Credit Agreement, we cannot pay or accrue any incentive compensation to Named Executive Officers. No awards granted prior to 2009 were paid out in 2009 when vesting or payment dates occurred and none are expected to pay out at any time in the future.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our Plans

During 2009, SSUs shown in columns (d) and (e) above were awarded to Named Executive Officers as a portion of their total annual compensation on each salary payment date as described in the "Grants of Plan Based Awards" table. SSUs are non-forfeitable and will be paid in three equal installments at each of the second, third, and fourth anniversary of the quarter in which they were deemed to have been granted. Although the compensation plans were not finalized until late in 2009, these SSUs are deemed to have been issued throughout 2009 on a *nunc pro tunc* basis (as if granted on various salary payroll dates beginning January 1, 2009) and will become payable beginning March 31, 2011, or one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.

RETIREMENT PROGRAMS APPLICABLE TO EXECUTIVE OFFICERS

In 2006, benefit accruals under Old GM's U.S. pension plans were frozen effective December 31, 2006, and new pension plan formulas for U.S. and Canadian executive and salaried employees became effective for service on and after January 1, 2007. The implementation of these changes has had a significant impact on expected retirement benefit levels for executives, resulting in reductions generally ranging from 18% to greater than 50%, depending on the age of the executive at the time the new plan was implemented. We assumed these plans as amended on July 10, 2009.

Benefits for our U.S. executives may be from both a tax-qualified plan that is subject to the requirements of ERISA and from a non-qualified plan that provides supplemental benefits. Tax-qualified benefits are pre-funded and paid out of the trust assets of the Salaried Retirement Program (SRP) for executives with a length of service date prior to January 1, 2001. For executives with a length of service date between January 1, 2001 and December 31, 2006, tax-qualified benefits are pre-funded and paid out of the trust assets of the SRP for service prior to January 1, 2007 and are paid out of the Savings-Stock Purchase Program (S-SPP) for service after December 31, 2006. For executives with a length of service date on or after January 1, 2007, all tax-qualified benefits are paid out of the S-SPP. Non-qualified benefits are not pre-funded and are paid out of our general assets.

U.S. executive employees must be at least age 55 with a minimum of ten years of eligible service to be vested in the U.S. non-qualified ERP, and must have been an executive employee on the active payroll as of December 31, 2006 to be eligible for any frozen accrued non-qualified ERP benefit. As of December 31, 2009, Messrs. Stephens, Lutz, and Cole were eligible to retire under these provisions.

In May 2009, Old GM non-qualified ERP benefits for all executive retirees were reduced by 10%. In June and July of 2009, as a result of Old GM's amendment of ERP and the Old GM bankruptcy and 363 Sale, a number of ERP recipients had their non-qualified benefit further reduced. Effective August 1, 2009, following the 363 Sale, Old GM executive retirees with an annual combined qualified SRP benefit plus non-qualified ERP benefit over $100,000, had the portion of their ERP benefit above $100,000 reduced by two-thirds, inclusive of the 10% reduction to ERP benefits effective in May 2009. Also effective August 1, 2009, non-qualified ERP benefits accrued as of that date for active executives were frozen and reduced by 10%. Accruals resumed after August 1, 2009, based on the applicable ERP benefits formula described below. On October 22, 2009 and December 11, 2009 benefit accruals and company contributions under our deferred compensation plans were suspended by the Special Master pursuant to the UST Credit Agreement for SEOs and MHCEs.

Effective for service rendered on and after January 1, 2007, non-qualified retirement benefits for executive employees are determined under one of two methods, depending on an executive's length of service date. Executives retiring on and after January 1, 2007, will have all vested non-qualified retirement benefits (benefits accrued both before and after January 1, 2007) paid as a five-year annuity. Should the executive die within the five-year period, any remaining five-year annuity payments will be converted to a present value lump sum for payment to the executive's surviving spouse or, in the event there is no surviving spouse, the executive's estate. Should an executive die prior to retirement, any vested non-qualified benefits will be converted to a present value lump sum for payment to the executive's surviving spouse or, in the event there is no surviving spouse, the executive's estate. The interest rate used in determining the non-qualified five-year annuity retirement benefits referenced above is the average of the 30-year U.S. Treasury Securities rate for the month of July and is re-determined annually. This annual interest rate is then effective for retirements commencing October 1 through September 30 of the succeeding year.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

For executives with a length of service date prior to January 1, 2001, including Messrs. Stephens, Young, and Henderson, retirement benefits are calculated using a 1.25% Career Average Pay formula. Tax-qualified benefits will accrue for such executives with respect to the total of actual base salary plus eligible AIP final awards received while employed as an executive for service on and after January 1, 2007 equal to 1.25% of base salary plus eligible AIP final awards received up to the IRC 401(a)(17) compensation limit. Non-qualified benefits equal to 1.25% will accrue for such executives with respect to the total of actual base salary plus eligible AIP final awards received in excess of the IRC 401(a)(17) compensation limit. Eligible AIP final awards are defined as those paid with respect to annual incentive compensation performance periods commencing on and after January 1, 2007. Pro-rata annual incentive awards attributable to the year of retirement are not used in the calculation of any non-qualified benefits.

For executives with a length of service date on or after January 1, 2001, including Messrs. Lutz and Cole, retirement benefits are accumulated using a 4% defined contribution formula. Tax-qualified benefits are accrued for such executives with respect to the total of actual base salary and eligible AIP final awards received while employed as an executive for service on and after January 1, 2007, consisting of company contributions equal to 4% of base salary and eligible AIP final awards received up to the IRC 401(a)(17) compensation limit. Non-qualified benefits are accrued for executive service on or after January 1, 2007 consisting of notional contributions equal to 4% of base salary and eligible AIP final awards received in excess of the IRC 401(a)(17) compensation limit. Eligible AIP final awards are defined as those paid with respect to annual incentive compensation performance periods commencing on and after January 1, 2007. Pro-rata annual incentive awards attributable to the year of retirement are not used in the calculation of any non-qualified benefits. The notional contributions are credited into an unfunded individual defined contribution account for each executive. These individual accounts are credited with earnings based on investment options selected by the executive from a list approved by the Executive Compensation Committee.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

2009 Pension Benefits

(a) Name	(b) Plan Name	(c) No. of Years of Eligible Service as of December 31, 2009(1) (#)	(d) Present Value of Accumulated Benefit(2) ($)	(e) Annual or Five Year Annuity Payable on December 31, 2009 Under GM Pension Plans ($)	(f) Present Value of December 31, 2009 Plan Benefits ($)
T. G. Stephens (3)	SRP	40.84	1,601,400	120,600	1,601,400
	ERP	40.84	6,785,100	1,534,400	6,785,100
			8,386,500		8,386,500
R. A. Lutz (4)	SRP	8.33	142,400	18,500	142,400
	ERP	17.33	4,345,600	982,700	4,345,600
			4,488,000		4,488,000
R. G. Young (5)	SRP	23.42	481,200	76,500	357,500
	ERP	23.42	1,000,300	0	0
			1,481,500		357,500
K. W. Cole (4)	SRP	8.42	144,900	11,500	144,900
	ERP	20.75	2,534,600	573,200	2,534,600
			2,679,500		2,679,500
F. A. Henderson (5)	SRP	25.50	631,500	85,200	468,500
	ERP	25.50	0	0	0
			631,500		468,500
G. R. Wagoner, Jr. (6)	SRP	32.00	1,105,400	70,100	1,105,400
	ERP	32.00	7,281,400	1,646,600	7,281,400
			8,386,800		8,386,800

(1) Eligible service recognizes credited service under the frozen qualified SRP, in addition to service under the new plan formulas. The 35-year cap on ERP service used in calculating the frozen accrued ERP benefits still applies. Also, as noted below, Mr. Cole was approved for 12 years and 4 months of additional service under the non-qualified ERP, and Mr. Lutz was approved for nine additional years of service.

(2) The present value of the SRP benefit amounts shown takes into consideration the ability of the executive to elect a joint and survivor annuity form of payment. For SRP and ERP benefits, the present value represents the value of the benefit accrued through December 31, 2009 and payable at age 60 (or immediately if over age 60). Benefits and present values reflect the provisions of the SRP and ERP as of December 31, 2009. Present values shown here are based on the mortality and discount rate assumptions used in the December 31, 2009 disclosures contained in footnotes to the consolidated financial statements.

(3) As of December 31, 2009, Mr. Stephens is eligible to retire under both the qualified and non-qualified GM retirement plans. The amounts shown in column (d) represent the present value of benefits accrued through December 31, 2009, payable at age 60 (or immediately if over age 60) as a lifetime annuity form of payment for the SRP and payable as a five year annuity form of payment for the ERP. The amounts shown in column (e) are payable immediately, with the SRP benefit reduced from age 62. The ERP benefit is unreduced at age 60. The amounts in column (f) are the present values of the benefits shown in column (e).

(4) Beginning January 1, 2007, benefits for Messrs. Cole and Lutz are accumulated using the 4% defined contribution formula and are included in the "2009 All Other Compensation Table." The SRP amounts shown in column (d) only reflect their frozen Account Balance Plans, valued and payable immediately as a lifetime annuity.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In addition, beginning January 1, 2007, benefits under the ERP for Messrs. Cole and Lutz are accumulated using the 4% defined contribution formula on the total of actual base and eligible AIP final awards received in excess of the IRS 401(a)(17) compensation limit. The ERP amounts in column (d) for Messrs. Cole and Lutz include their accumulated benefit under the 4% ERP defined contribution formula plus the frozen ERP benefit, valued and payable immediately as a five-year annuity form of payment. For purposes of calculating benefits under the frozen ERP, the Committee approved a combined total award of 12 years and 4 months of additional service credits for Mr. Cole on February 5, 2001 and February 6, 2006 and awarded nine additional years of service credits for Mr. Lutz on December 4, 2006.

(5) As of December 31, 2009, Messrs. Henderson and Young are not eligible to retire under any qualified or non-qualified retirement plan. Amounts shown in column (d) for Messrs. Henderson and Young represent the present value of benefits accrued through December 31, 2009 payable at age 60 as a lifetime annuity form of payment for the SRP with reduction from age 62, and payable as a five year annuity form of payment for the ERP. Upon termination of employment prior to retirement eligibility, Messrs. Henderson and Young are only eligible for a deferred vested benefit from the SRP, reduced for age if received prior to age 65. The amount shown in column (e) represents the annual deferred vested SRP benefit that would be payable commencing at age 65. The present value benefit shown in column (f) represents the amount that would be payable per SRP plan rules if taken at year-end 2009 as a lump sum. They would not have been eligible for ERP benefits if service terminated on December 31, 2009. Mr. Henderson did terminate employment on December 31, 2009, and, therefore, forfeited the ERP benefit, reflecting a zero value in column (d). He may elect to receive his deferred vested SRP benefit at any time.

(6) Mr. Wagoner retired from the Company on August 1, 2009, and commenced receipt of retirement benefits pursuant to the Old GM plan provisions applicable to Mr. Wagoner. His SRP benefit shown above in column (e) comprehends his election of a joint and survivor annuity form of payment. A significant portion of his non-qualified ERP benefits was reduced by two-thirds, consistent with the ERP reductions adopted by Old GM and applicable to Mr. Wagoner. Because Mr. Wagoner is a specified employee as defined by IRC 409A, he was subject to a six month waiting period before payment of his ERP benefits commenced.

2009 NONQUALIFIED DEFERRED COMPENSATION PLANS

Old GM Plans

Old GM maintained the following nonqualified deferred compensation plans for executives:

— The Deferred Compensation Plan (DCP) described below, and

— The Benefit Equalization Plan (BEP) included in “Our Plans” on the following pages.

In addition, certain incentive awards earned and vested under the incentive plans were subject to mandatory deferral.

The DCP permitted senior executives to defer a portion of their base salary, AIP, SPP, and RSU earnings into the plan. The plan included eight investment options, one of which was Old GM common stock. No deferrals into the plan have been allowed since December 31, 2005. Dividend equivalents were credited and paid on Old GM common stock units until suspended on July 14, 2008. We did not assume the DCP on July 10, 2009 and the DCP will be included in the liquidation and asset distribution of MLC.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM Nonqualified Deferred Compensation Plans

Name (a)	Plan	Executive Contributions in the Last Fiscal Year (b)	Registrant Contributions in the Last Fiscal Year (c)	Aggregate Earnings in the Last Fiscal Year (d)	Aggregate Withdrawals and Distributions (e)	Aggregate Balance at 2009 Fiscal Year End (6) (f)
T. G. Stephens (1)	DCP	$ 0	$ 0	$ (108,757)	$ (48,080)	$ 0
R. A. Lutz (2)	DCP	$ 0	$ 0	$ (297,034)	$(131,316)	$ 0
	RSU			$ (204,675)		$ 35,325
						$ 35,325
R. G. Young (3)	DCP	$ 0	$ 0	$ (4,196)	$ (33,934)	$ 0
F. A. Henderson (4)	DCP	$ 0	$ 0	$ (135,369)	$(291,896)	$ 47,683
G. R. Wagoner, Jr. (5)	DCP	$ 0	$ 0	$ (35,921)	$(362,634)	$ 0
	RSU			$ (341,125)		$ 58,875
						$ 58,875

The table above reflects year-end balances and contributions, earnings, and withdrawals during the year for the DCP, as well as vested, but unpaid, RSUs for the Named Executive Officers. The plan does not provide for interest or earnings to be paid at above-market rates, so none of the amounts in column (d) have been reported in the Summary Compensation Table. Mr. Cole did not participate in the DCP and had no vested, but unpaid, incentive awards.

(1) On May 15, 2009 Mr. Stephens elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. The gross distribution included 44,110 shares of Old GM common stock at a share price of $1.09 and was subject to a 10% penalty pursuant to plan terms.

(2) On May 15, 2009 Mr. Lutz elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. The gross distribution included 120,473 shares of Old GM common stock at a share price of $1.09 and was subject to a 10% penalty pursuant to plan terms. 75,000 RSUs were granted to Mr. Lutz on January 21, 2003, in lieu of cash bonus, deliverable upon retirement or mutual separation. We did not assume any obligation in respect of these incentive awards. The amount shown is based on the December 31, 2009 MLC share price of $0.471. We estimate that the actual realizable value of these shares is $0.

(3) On May 15, 2009 Mr. Young elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. This gross withdrawal amount was subject to a 10% penalty pursuant to plan terms.

(4) On May 15, 2009 Mr. Henderson elected to receive an unscheduled distribution of cash assets from the DCP as permitted under IRC 409A. This gross withdrawal amount was subject to a 10% penalty pursuant to plan terms. Mr. Henderson's remaining DCP balance includes 101,238 shares of MLC at a December 31, 2009 share price of $0.471. We estimate that the actual realizable value of these shares is $0.

(5) On April 21, 2009 Mr. Wagoner elected to receive an unscheduled distribution of all assets from the DCP as permitted under IRC 409A. This gross withdrawal amount was subject to a 10% penalty pursuant to plan terms. 125,000 RSUs were granted to Mr. Wagoner on January 21, 2003, in lieu of cash bonus, deliverable upon retirement or mutual separation. We did not assume these RSUs and the amount shown in Column (f) is their value based on the closing price of MLC common stock on December 31, 2009 of $0.471. Even though Mr. Wagoner retired effective August 1, 2009, pursuant to the UST Credit Agreement his awards cannot be paid out and are not expected to be paid out at any time in the future.

(6) All amounts reported in column (f), except earnings at prevailing market rates, have been reported in the Summary Compensation Table in previous years when earned if that officer's compensation was required to be disclosed in the applicable year. Amounts previously reported in such years include previously earned, but deferred salary and incentives and Company matching contributions.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The total reflects the cumulative value of these deferrals, contributions, and investment choices.

Pursuant to our UST Credit Agreement, we cannot pay or accrue any incentive compensation to Named Executive Officers. No awards granted prior to 2009 were vested or paid out in 2009 when vesting or payment dates occurred and none are expected to vest or pay out at any time in the future.

Our Plans

We maintain certain deferred compensation programs and arrangements for executives, including the Named Executive Officers.

BEP — The BEP is a non-qualified plan that allows for the equalization of benefits for certain highly compensated salaried employees under the SRP and the S-SPP when such employees' contribution and benefit levels exceed the maximum limitations on contributions and benefits imposed by Section 2004 of the Employee Retirement Income Security Act of 1974, as amended, and Section 401(a)(17) and 415 of the IRC, as amended. The plan is maintained as an unfunded plan and we bear all expenses for administration of the plan and payment of amounts to participants. Our contributions to employee accounts are currently invested in one or more of six investment options. Company contributions to the BEP were suspended on October 22, 2009 for Messrs. Young, Cole, and Henderson and on December 11, 2009 for Messrs. Stephens and Lutz.

Salary Stock Plan — Pursuant to plan terms and upon approval of the Special Master, Named Executive Officers receive a portion of their total annual compensation in the form of SSUs. SSUs are granted on each salary payment date to Named Executive Officers based on the most current valuation of the Company as determined by an independent third party. SSUs are non-forfeitable and will be paid in three equal installments at each of the second, third, and fourth anniversary of the quarter in which they were deemed to be granted, and may become payable one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced.

The table below reflects year-end balances and all contributions, earnings and withdrawals during the year for the BEP, as well as vested but unpaid SSUs for the Named Executive Officers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Contributions include amounts credited to employee BEP accounts for both pre- and post- bankruptcy periods. We have included them below in column (c) for greater continuity and because we assumed all obligations in respect of the BEP from Old GM in the 363 Sale.

2009 GM Nonqualified Deferred Compensation Plans

Name (a)	Plan	Executive Contributions in the Last Fiscal Year (b)	Registrant Contributions in the Last Fiscal Year (7) (c)	Aggregate Earnings in the Last Fiscal Year (8) (d)	Aggregate Withdrawals and Distributions (e)	Aggregate Balance at 2009 Fiscal Year End (9) (f)
T. G. Stephens (1)	SSU	$ 0	$ 945,833			$ 945,833
	BEP	$ 0	$ 9,334	$ 5,362		$ 59,563
						$1,005,396
R. A. Lutz (2)	SSU	$ 0	$1,070,833			$1,070,833
	BEP	$ 0	$ 23,799	$23,244		$ 152,543
						$1,223,376
R. G. Young (3)	SSU	$ 0	$ 576,668			$ 576,668
	BEP	$ 0	$ 1,650	$ 3,863		$ 39,731
						$ 616,399
K. W. Cole (4)	SSU	$ 0	$ 935,543			$ 935,543
	BEP	$ 0	$ 8,628	$ 7,802		$ 63,860
						$ 999,403
F. A. Henderson (5)	SSU	$ 0	$2,421,668			$2,421,668
	BEP	$ 0	$ 2,888	$ 9,012	$ 6,987	$ 0
						$2,421,668
G. R. Wagoner, Jr. (6)	SSU	$ 0	$ 0			$ 0
	BEP	$ 0	$ 0	$ (7,693)	$(128,379)	$ 0
						$ 0

As described in the "2009 Grants of Plan Based Awards" table and narrative, each of the grants described below will be treated as having been granted, *nunc pro tunc*, throughout 2009 beginning January 1 and will be paid on the anniversary of the quarter in which it was deemed to have been granted.

(1) The amount shown for Mr. Stephens consists of a grant of 17,522 SSUs on December 31, 2009.

(2) The amount shown for Mr. Lutz consists of a grant of 19,838 SSUs on December 31, 2009.

(3) The amount shown for Mr. Young consists of SSUs grants on each of the following dates: 3,709 on November 13, 2009; 3,709 on November 30, 2009; 3,709 on December 15, 2009; and 2,671 on December 31, 2009.

(4) The amount shown for Mr. Cole consists of SSU grants on each of the following dates: 2,632 on November 13, 2009; 2,632 on November 30, 2009; 2,632 on December 15, 2009; and 11,646 on December 31, 2009.

(5) The amount shown for Mr. Henderson consists of SSU grants on each of the following dates: 15,576 on November 13, 2009; 15,576 on November 30, 2009; 15,576 on December 15, 2009; and 11,216 on December 31, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

At the time of his termination on December 31, 2009, Mr. Henderson had both vested and unvested BEP benefits. Unvested benefits in the amount of $78,249 were forfeited and his vested benefits in the amount of $6,987 will be paid as a lump sum pursuant to plan provisions that provide for this form of payment when the present value of the benefit is less than the dollar limit under IRC 402(g). Because Mr. Henderson was a specified employee as defined by IRC 409A, he is subject to a six month waiting period before payment of his BEP benefits can commence.

(6) Effective August 1, 2009 Mr. Wagoner retired. Pursuant to Plan provisions, his vested benefits under the BEP were withdrawn and converted to a 5-year monthly annuity form of payment. Because Mr. Wagoner was a specified employee as defined by IRC 409A, he was subject to a six month waiting period before payment of his BEP benefits commenced in February 2010.

(7) For each of the Named Executive Officers, the BEP amount reported here in column (c) is included within the amount reported in column (i) and footnote (9) of the 2009 Summary Compensation Table. The amounts reported in the Summary Compensation Table are larger because they also include our contributions to the S-SPP (tax-qualified plan). The SSU amount reported here in column (c) is included within the amount reported in column (e) and footnote (6) of the Summary Compensation Table.

(8) None of the amounts reported above in column (d) are reported in column (h) of the 2009 Summary Compensation Table because we do not pay guaranteed, above-market earnings on deferred compensation.

(9) All amounts reported in column (f), except earnings at prevailing market rates, have been reported in the Summary Compensation Table in previous years when earned if that officer's compensation was required to be disclosed in the applicable year. Amounts previously reported in such years include previously earned Company matching contributions. The total reflects the cumulative value of these contributions, and investment choices.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Potential Termination Payments — GM

We maintain compensation and benefit plans that will provide payment of compensation in the event of termination of employment due to retirement, death, and mutually-agreed-upon separation. These provisions are generally applicable to all plan participants and are not reserved only for Named Executive Officers. The amount of compensation payable to each Named Executive Officer in these situations is described in the tables that follow. We do not provide a change in control severance plan for executives, and, pursuant to TARP regulations, no severance payments may be made to Named Executive Officers.

Retirement and Pension Benefits. Plan provisions are described in the "2009 Pension Benefits" discussion, along with pension benefits for Named Executive Officers. No other individualized arrangements exist with Named Executive Officers except those disclosed in the "Employment Agreements" section below.

As of December 31, 2009, Mr. Stephens was eligible to retire pursuant to the provisions of both the qualified SRP and the non-qualified ERP.

As of December 31, 2009, Messrs. Cole and Lutz were eligible to retire pursuant to the provisions of the qualified SRP. Both were also eligible to receive non-qualified ERP benefits pursuant to the Compensation Committee's action in 2001 and 2004, respectively, to grant full vesting rights with five years of service.

As of December 31, 2009, Mr. Young was not eligible to retire under any qualified or non-qualified retirement plan. Upon termination of employment, he could receive a deferred vested benefit from the qualified SRP, reduced for age if received prior to age 65. This benefit is available to any participant in the plan. His non-qualified ERP benefits would have been forfeited.

Mr. Wagoner retired August 1, 2009 and was eligible for benefits under the qualified SRP and the non-qualified ERP.

Mr. Henderson terminated employment on December 31, 2009. At that time, he was not eligible to retire under any qualified or non-qualified retirement plan. He will receive a deferred vested benefit from the qualified SRP, reduced for age if received prior to age 65.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Benefits Payable at Death. Upon death of an active employee, we provide one month salary to certain dependents including surviving spouses, members of employee's family, or other individuals who are to be responsible for payment of funeral expenses. This benefit is provided generally for all salaried employees. In addition, pursuant to SRP plan terms we provide eligible survivors a monthly pension benefit based on a percentage of the monthly retirement benefit payable to the employee where the survivor option has been elected. Under the terms of the ERP, survivor benefits, if applicable, are payable as a lump sum. Supplemental Life Benefits are provided for all executives.

Incentive Plans. Under the provisions of the Salary Stock Plan, awards are vested when earned, and will continue to be paid in accordance with their terms as described in the "Options Exercised and Stock Vested" table upon separation, other than "For Cause."

Vacation Pay. Salaried employees may receive pay in lieu of unused vacation in the calendar year of termination of employment. Totals assume all vacation entitlement has been used as of December 31, 2009.

Health Care Coverage Continuation. Under provisions of the General Motors Salaried Health Care Program covering all U.S. salaried employees, Messrs. Cole, Lutz, and Young could continue health care coverage as provided under applicable federal laws (i.e., COBRA). Based on his eligibility to retire, Mr. Stephens would be eligible to receive financial contributions toward health care coverage in retirement until age 65. Mr. Wagoner retired and is receiving financial contributions toward health care coverage in retirement until age 65. Mr. Henderson terminated employment and is receiving health care coverage under COBRA.

Employment Agreements

Although we have described the material elements of certain employment arrangements with Named Executive Officers below, we are currently prohibited by the UST Credit Agreement from paying any severance or bonus and incentive compensation amounts to Named Executive Officers. The Named Executive Officers have waived their contractual entitlement to any payment that would violate the terms of the UST Loan Agreement.

Edward E. Whitacre, Jr. As disclosed in Form 8-K filed February 19, 2009, the following terms describe our employment arrangement with Mr. Whitacre. Mr. Whitacre's annual cash base salary is $1,700,000, and he participates in the benefit plans currently available to executive officers as described on Form 8-K, filed August 7, 2009, and as set forth as exhibits to various periodic filings by the Company. He also receives a portion of his total annual compensation in the form of salary stock, awarded pursuant to the provisions of the Salary Stock Plan, in the amount of $5,300,000, which will be delivered ratably over three years beginning in 2012, or one year earlier upon certification by our Compensation Committee that repayment of our TARP obligations has commenced, and will be granted TARP compliant restricted stock units valued at $2,000,000. This arrangement does not provide for any special post-employment compensation or benefits.

Robert A. Lutz In June 2004, Old GM's Compensation Committee agreed to permit Mr. Lutz to become eligible for an ERP benefit after a minimum of five years of eligible service. On December 4, 2006, Old GM's Compensation Committee also approved the recognition of nine additional years of service credits for purposes of calculating benefits under the ERP for Mr. Lutz. This action, taken in recognition of Mr. Lutz's ongoing contribution to the Company, permits the accumulation of all service rendered to the Company by Mr. Lutz, including a prior period of Old GM employment from 1963 to 1972, for the purpose of determining his frozen ERP benefit, included in the ERP and disclosed in column (c) of the "2009 Pension Benefits" table. We assumed these arrangements on July 10, 2009.

Kenneth W. Cole In October 2008, Old GM entered into an employment agreement with Kenneth W. Cole which provided him a base salary of $715,000 (reduced by 10% to $643,500 during 2009) and a guaranteed payment of $785,000 for 2009. This agreement pre-dated the UST Credit Agreement and was reviewed with the UST as part of our 2009 compensation planning. The employment agreement was subsequently terminated on September 4, 2009.

In addition, Old GM's Compensation Committee agreed in February 2001 to permit Mr. Cole to become eligible for an ERP benefit after a minimum of five years of eligible service. On February 5, 2001, Old GM's Compensation Committee approved the recognition of 8 years and 4 months of additional years of service credits for purposes of calculating frozen benefits under the ERP for Mr. Cole,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

and on February 6, 2006 also approved an additional 4 years of service credits. The combined total award of 12 years and 4 months of additional service for purposes of calculating frozen benefits under the ERP recognizes service from a previous employer and Mr. Cole's ongoing contribution to the Company. We assumed all obligations for these arrangements on July 10, 2009.

Frederick A. Henderson On February 18, 2010, Mr. Henderson and General Motors Holdings LLC, a subsidiary of the Company, entered into an agreement to engage his services as a consultant on a month-to-month basis pursuant to the following material terms: The agreement will expire on December 31, 2010 unless terminated earlier by either party; Mr. Henderson will provide an estimated 20 hours of consulting services per month, consisting of advice on international operations, and participation in one meeting per month with the President, International Operations or his designated representative; Mr. Henderson will receive a fee of $59,090 payable monthly and reimbursement of reasonable expenses. During the period of the consulting agreement Mr. Henderson is free to provide consulting services to other clients, except that he may not engage in or perform any services for any business which designs, manufactures, develops, promotes, or sells any automobiles or trucks, in competition with or for competitors of the Company or any of its affiliates.

Non-Employee Director Compensation

Compensation for our non-employee directors is set by our Board at the recommendation of the Governance Committee. Pursuant to the Board's Corporate Governance Guidelines, the Governance Committee is responsible for conducting an annual assessment of non-employee director compensation. The Governance Committee compares our Board's compensation to compensation paid to directors at peer companies having similar size, scope and complexity.

Only non-employee directors receive specific payment for serving on the Board. Because Mr. Henderson was employed by us, he received no additional compensation during the period he served as a director. Non-employee directors are not eligible to participate in the S-SPP, or any of the retirement programs for our employees. Other than as described in this section, there are no separate benefit plans for directors.

Non-employee directors are reimbursed for reasonable travel expenses incurred in connection with their duties as directors. Under our Expense Policy, members of the Board may use charter aircraft for travel only in North America and only when a clear business rationale is stated. The Governance Committee periodically monitors the use of charter aircraft.

To familiarize directors with our product line, we provide the use of a company vehicle on a six-month rotational basis and directors are expected to submit product evaluations to us. In addition, we pay for the cost of personal accident insurance coverage and until January 1, 2010, we paid the cost of personal liability insurance coverage.

Old GM Board of Directors

Members of the Old GM Board of Directors served until July 10, 2009, when the 363 Sale closed and our Board was constituted. The Old GM Board voluntarily agreed to reduce its total compensation for 2009, including annual Board retainer, retainers for Committee Chairs and Audit Committee membership, and fees for excess meetings and special services, to one dollar effective January 1, 2009. Prior to 2009, each non-employee director of Old GM received an annual Board retainer of $200,000 on a pro rata basis effective March 1, 2008, which was voluntarily reduced from time to time. Under the General Motors Corporation Compensation Plan for Non-Employee Directors (Old GM Director Compensation Plan), Old GM non-employee directors were required to defer at least 70% of their annual Board retainer (i.e., $140,000) into share units of its common stock and could elect to receive the remaining compensation in cash or to defer in cash-based alternatives or share units.

The Old GM Director Compensation Plan remains in place with respect to past deferrals of compensation to former directors of Old GM, including those who are now members of our Board. Old GM directors who deferred compensation into share units of common stock are not expected to receive any value for this deferred compensation under Old GM's bankruptcy proceedings. In addition, deferred cash-based account balances were reduced by ten percent for Old GM non-employee directors effective September 8, 2009, in line with the penalty incurred by Old GM executives on early withdrawal of their deferred cash account balances. Interest on fees

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

deferred in cash-based alternatives was credited monthly to the directors' accounts. Old GM did not credit interest at above-market rates. In general, Old GM did not pay deferred amounts until January following the director's retirement or separation from the Old GM Board. Old GM then paid those amounts, either in lump sum or in annual installments for up to ten years based on the director's deferral election. (Members of the Old GM Board who are now serving on our Board will not receive their deferred amounts until after they leave our Board.)

2009 Old GM Non-Employee Director Compensation

Director (a)	Fees Earned or Paid in Cash	All Other Compensation (b)	Total
	$	$	$
Percy N. Barnevik	0	2,882	2,882
Erskine B. Bowles	1	10,250	10,251
John H. Bryan	1	32,586	32,587
Armando M. Codina	1	8,004	8,005
Erroll B. Davis, Jr.	1	7,880	7,881
George M.C. Fisher	1	25,616	25,617
E. Neville Isdell	1	4,316	4,317
Karen Katen	1	4,724	4,725
Kent Kresa	1	8,021	8,022
Philip A. Laskawy	1	7,727	7,728
Kathryn V. Marinello	1	7,650	7,651
Eckhard Pfeiffer	1	19,585	19,586

(a) Mr. Barnevik resigned from the Old GM Board effective February 3, 2009. The other directors resigned from the Old GM Board in early July 2009, either before or immediately after the closing of the 363 Sale.

(b) "All Other Compensation" is comprised of interest paid on deferred cash-based accounts; incremental costs for the use of company vehicles and reimbursement of associated taxes until August 1, 2009; and the costs associated with personal accident and liability insurances.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

All Other Compensation

Totals for amounts reported as "All Other Compensation" in the preceding "2009 Old GM Non-Employee Director Compensation" table are described below:

Director	Aggregate Earnings on Deferred Compensation ($)	Company Vehicle (a) ($)	Tax Reimbursement (b) ($)	Other (c) ($)	Total ($)
Percy N. Barnevik	0	1,905	532	445	2,882
Erskine B. Bowles (e)	0	6,984	2,771	495	10,250
John H. Bryan (d)(e)	23,112	5,714	3,690	70	32,586
Armando M. Codina (e)	0	4,444	3,065	495	8,004
Erroll B. Davis, Jr.	744	3,810	3,035	291	7,880
George M.C. Fisher (d)(e)	19,574	3,175	2,372	495	25,616
E. Neville Isdell	0	3,810	436	70	4,316
Karen Katen (e)	0	2,540	1,689	495	4,724
Kent Kresa	604	3,810	3,316	291	8,021
Philip A. Laskawy	0	3,810	3,626	291	7,727
Kathryn V. Marinello	0	3,810	3,549	291	7,650
Eckhard Pfeiffer (d)(e)	7,056	6,984	5,050	495	19,585

(a) Includes incremental costs for company vehicles which are calculated based on the average monthly cost of providing vehicles to all directors, including lost sales opportunity and incentive costs, if any; insurance claims, if any; licensing and registration fees; and use taxes.

(b) Directors were charged with imputed income based on the lease value of the vehicle driven and reimbursed for associated taxes until August 1, 2009.

(c) Reflects cost of premiums for providing personal accident and personal umbrella liability insurance. If a director elected to receive coverage, the taxes related to the imputed income are the responsibility of the director.

(d) We administered the Old GM Director Compensation Plan after July 9, 2009. Amounts shown under "Aggregate Earnings on Deferred Compensation" for Mr. Bryan, Mr. Fisher and Mr. Pfeiffer include interest credited to their deferred cash-based accounts in 2009 including the period subsequent to July 9, 2009.

(e) Following their resignation from the Old GM Board, Mr. Bowles, Mr. Bryan, Mr. Codina, Mr. Fisher, Ms. Katen and Mr. Pfeiffer were requested to turn in their company vehicles as soon as practicable since they did not join our Board. We paid for the costs related to providing company vehicles during the transition period which followed the closing of the 363 Sale in addition to costs related to selling company vehicles to certain former directors. Directors were charged imputed income for use of these vehicles and were responsible for associated taxes beginning August 1, 2009

General Motors Board of Directors

Following the recommendation of the Governance Committee, our Board determined that effective July 10, 2009, each member of the Board who is not an employee would be paid, in cash, an annual retainer of $200,000 for service on the Board and, if applicable, one or more of the following annual retainers: (i) $10,000 for service as Chair of any Board committee; (ii) $20,000 for service on the Audit Committee; and (iii) $150,000 for service as the Chairman of the Board. In addition, until August 1, 2009, the members of the Board could be reimbursed for taxes related to income imputed to them for the use of company cars provided to non-employee directors.

At Mr. Bonderman's request, his annual retainer of $200,000 for service on the Board was reduced to one dollar.

On March 2, 2010, the Governance Committee approved an additional annual retainer of $10,000 for service as Lead Director, consistent with the annual retainer paid to the Chair of any Board committee.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The fees for a director who joins or leaves our Board or assumes additional responsibilities during the fiscal year are pro rated for his or her period of service. The fees listed in the table below reflect any pro-rata adjustments that occurred in 2009.

2009 General Motors Non-Employee Director Compensation

Director	Fees Earned or Paid in Cash (a)	All Other Compensation (b)	Total
	$	$	$
Daniel F. Akerson (d)	91,667	1,444	93,111
David Bonderman (d)	1	1,095	1,096
Erroll B. Davis, Jr. (c)	108,333	3,337	111,670
Stephen J. Girsky (c)	100,000	76,792	176,792
E. Neville Isdell (c)	104,167	2,286	106,453
Robert D. Krebs (d)	83,333	1,095	84,428
Kent Kresa (c)	112,500	3,242	115,742
Philip A. Laskawy (c)	112,500	2,815	115,315
Kathryn V. Marinello (c)	100,000	2,958	102,958
Patricia A. Russo (d)	87,500	1,095	88,595
Carol M. Stephenson (d)	83,333	1,820	85,153

(a) Includes annual retainer fees, Chair and Audit Committee fees. Fees for excess meetings and special services were eliminated effective July 10, 2009.

(b) "All Other Compensation" includes among other items incremental costs for the use of company vehicles and reimbursement of associated taxes until August 1, 2009; and the costs associated with personal accident and liability insurances.

(c) Following their resignations from the Old GM Board, Mr. Davis, Mr. Isdell, Mr. Kresa, Mr. Laskawy, and Ms. Marinello joined our Board on July 10, 2009. Mr. Girsky and Mr. Whitacre also joined our Board on the same day. (Mr. Whitacre's compensation as a director is reflected in the Summary Compensation Table.)

(d) Mr. Akerson, Mr. Bonderman, Mr. Krebs, Ms. Russo and Ms. Stephenson joined the Board on July 24, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

All Other Compensation

Totals for amounts reported as "All Other Compensation" in the preceding "2009 General Motors Non-Employee Director Compensation" table are described below:

Director	Aggregate Earnings on Deferred Compensation ($)	Company Vehicle (a) ($)	Tax Reimbursement (b) ($)	Other (c) ($)	Total ($)
Daniel F. Akerson	0	1,394	0	50	1,444
David Bonderman	0	1,045	0	50	1,095
Erroll B. Davis, Jr.(e)	650	2,091	342	254	3,337
Stephen J. Girsky (d)	0	1,742	0	75,050	76,792
E. Neville Isdell	0	2,091	145	50	2,286
Robert D. Krebs.	0	1,045	0	50	1,095
Kent Kresa (e)	523	2,091	374	254	3,242
Philip A. Laskawy	0	2,091	470	254	2,815
Kathryn V. Marinello	0	2,091	613	254	2,958
Patricia A. Russo	0	1,045	0	50	1,095
Carol M. Stephenson	0	1,742	28	50	1,820

(a) Includes incremental costs for company vehicles which are calculated based on the average monthly cost of providing vehicles to all directors, including lost sales opportunity and incentive costs, if any; insurance claims, if any; licensing and registration fees; and use taxes.

(b) Directors are charged with imputed income based on the lease value of the vehicle driven and were reimbursed for associated taxes until August 1, 2009.

(c) Reflects cost of premiums for providing personal accident and personal umbrella liability insurance. If a director elects to receive coverage, the taxes related to the imputed income are the responsibility of the director. Effective January 1, 2010, we no longer pay for the cost of providing personal umbrella liability insurance.

(d) "Other" amount for Mr. Girsky reflects additional compensation received in the form of salary stock for his services as Senior Advisor to the Office of the Chairman in December 2009. See "Item 13. Certain Relationships and Related Transactions, and Director Independence" under "Certain Relationships."

(e) We assumed the Old GM Director Compensation Plan and it remains in place with respect to past deferrals of compensation to Old GM directors who are members of our Board.

Compensation Committee Interlocks and Insider Participation

No executive officer of GM served on any board of directors or compensation committee of any other company for which any of our directors served as an executive officer at any time during fiscal year 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The following table gives information about each entity known to us to be the beneficial owner of more than 5% of our common stock as of March 15, 2010.

Name and Address of Beneficial Owner	Number of Shares	Percent of Common Stock (3)
The United States Department of the Treasury 1500 Pennsylvania Avenue, NW Washington, D.C. 20220	304,131,356	60.83%
Canada GEN Investment Corporation (Formerly 7176384 Canada Inc.) 1235 Bay Street, Suite 400 Toronto, Ontario, Canada M5R 3K4	58,368,644	11.67%
UAW Retiree Medical Benefits Trust P.O. Box 14309 Detroit, Michigan 48214	102,651,515(1)	19.93%
Motors Liquidation Company 300 Renaissance Center Detroit, Michigan 48265-3000	140,909,090(2)	23.85%
All Directors and Executive Officers of General Motors Company 300 Renaissance Center Detroit, Michigan 48265-3000	0	0%

(1) Includes 15,151,515 shares of our common stock issuable upon the exercise of a warrant we issued to the New VEBA. In connection with the closing of the 363 Sale, we issued a warrant to the New VEBA to acquire 15,151,515 newly issued shares of our common stock, exercisable at any time prior to December 31, 2015, with an exercise price of $126.92 per share. The number of shares of our common stock underlying the warrant and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

(2) Includes 90,909,090 shares of our common stock issuable upon the exercise of warrants we issued to MLC. On July 10, 2009, in connection with the closing of the 363 Sale, we issued two warrants to MLC, one to acquire 45,454,545 newly issued shares of our common stock, exercisable at any time prior to the seventh anniversary of issuance, with an exercise price of $30.00 per share and the other to acquire 45,454,545 newly issued shares of our common stock, exercisable at any time prior to the tenth anniversary of issuance, with an exercise price of $55.00 per share. The number of shares of our common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

(3) These percentages reflect the maximum potential percentage ownership of our common stock for each beneficial owner. As such, the percentage ownership of the UST and Canada GEN Investment Corporation are calculated based on a total of 500,000,000 shares outstanding. The percentage ownership of the New VEBA is calculated based on a potential total of 515,151,515 shares outstanding (which, in addition to the 500,000,000 shares currently outstanding, includes the 15,151,515 shares of common stock that would be issued to the New VEBA if it exercised its warrant, as described in footnote (1) above). The percentage ownership of MLC is calculated based on a potential total of 590,909,090 shares outstanding (which, in addition to the 500,000,000 shares currently outstanding, includes the 90,909,090 shares of common stock that would be issued to MLC if it exercised its warrants, as described in footnote (2) above).

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Certain Relationships

We have adopted written policies and procedures for reviewing and approving transactions we enter into with our related persons, including directors, executive officers, and holders of at least 5% of our outstanding common stock, and their immediate family members or affiliates. Our Legal Staff is primarily responsible for developing and implementing a process to obtain information from our directors and executive officers to identify possible related person transactions and to determine based on the facts and circumstances whether such a transaction involves a direct or indirect material interest of us or our related persons. We disclose transactions that are determined to be directly or indirectly material to us or a related person as required by SEC rules. In addition, the Governance Committee is responsible for annually reviewing the independence of each director and the appropriateness of any potential related person transactions and related issues.

Douglas L. Henderson, brother of former President and Chief Executive Officer Frederick A. Henderson, is employed by General Motors LLC. In addition, Juli A. Stephens, sister-in-law of Vice Chairman Thomas G. Stephens, and George T. Stephens, Mr. Stephens' brother, are employed by General Motors LLC. Mr. Douglas Henderson, Ms. Juli Stephens, and Mr. George Stephens each make less than $155,000 per year, and receive salary and benefits comparable to those provided to other GM employees in similar positions.

David Bonderman is a founding partner of TPG, a private investment firm, whose affiliate invests in auto dealerships in Asia representing various vehicle manufacturers. These investments include dealerships in China that sell Chevrolet and Buick brand vehicles under a distribution agreement with Shanghai GM. Under the terms of Shanghai GM's joint venture agreement, we do not control Shanghai GM's distribution activities.

In 2009, while serving as President of S.J. Girsky & Co. (SJG), Stephen J. Girsky received advisory fees of $400,000 and expense reimbursement of about $50,000 from MLC for consulting services related to strategic alternatives for Saturn. The Saturn engagement began in early 2009 and was completed before Mr. Girsky was named to our Board. Under the agreement assumed as part of the 363 Sale, we were required to pay SJG a fee of $1 million. From December 2009 to February 2010, Mr. Girsky served as Senior Advisor to the Office of the Chairman, for which he received salary stock grants valued at $225,000 pursuant to our Salary Stock Plan and reimbursement of his living expenses in Detroit and travel expenses to and from Detroit.

Our Related Party Transactions Policy is available on our Web site at http://investor.gm.com, under "Corporate Governance."

Director Independence

Pursuant to our Bylaws and the Stockholders Agreement, at least two-thirds of our directors must be independent within the meaning of Rule 303A.02 of the NYSE Listed Company Manual, as determined by our Board of Directors.

The Governance Committee assesses the independence of each director and makes recommendations to the Board as to his or her independence both by using the quantitative criteria in the Board's Corporate Governance Guidelines and by determining whether he or she is free from any qualitative relationship that would interfere with the exercise of independent judgment.

Section 2.10 of our Bylaws incorporates, by reference, the independence criteria of the SEC and NYSE; and the Board's Corporate Governance Guidelines set forth our standards for director independence, which are based on all the SEC and NYSE requirements. The Board's Corporate Governance Guidelines provide that an independent director must satisfy all of the following criteria:

- During the past three years, we have not employed the director, and have not employed (except in a non-executive capacity) any of his or her immediate family members.
- During any twelve-month period within the last three years, the director has not received more than $120,000 in direct compensation from us other than director fees or other forms of deferred compensation. No immediate family members of the director have received any compensation other than for employment in a non-executive capacity.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The director or an immediate family member is not a current partner of a firm that is our internal or external auditor; the director is not an employee of such a firm; the director does not have an immediate family member who is a current employee of such a firm and personally works on our audit; or the director or an immediate family member was not within the last three years a partner or employee of such a firm and personally worked on our audit within that time.

- During the past three years, neither the director nor any of his or her immediate family members has been part of an "interlocking directorate" in which one of our executive officers serves on the compensation committee (or its equivalent) of another company that employs the director.

- During the past three years, neither the director nor any of his or her immediate family members has been employed (except in a non-executive capacity) by one of our significant suppliers or customers or any affiliate of such supplier or customer. For the purposes of this standard, a supplier or customer is considered significant if its sales to, or purchases from, us represent the greater of $1 million or 2% of our or the supplier's or customer's consolidated gross revenues.

In addition to satisfying all of the foregoing requirements, a director is not considered independent if he or she has, in the judgment of the Board, any other "material" relationship with the Company, other than serving as a director that would interfere with the exercise of his or her independent judgment.

Consistent with the standards described above, the Board has reviewed all relationships between the Company and the members of the Board, considering quantitative and qualitative criteria, and affirmatively has determined that, other than Mr. Whitacre and Mr. Girsky, all of the directors are independent according to the definition in the Board's Corporate Governance Guidelines, which is based on the standards of the SEC and NYSE.

Our Bylaws and Corporate Governance Guidelines are available on our Web site at http://investor.gm.com, under "Corporate Governance."

* * * * * * *

Item 14. ***Principal Accounting Fees and Services***

Our and Old GM's Audit Committees retained Deloitte & Touche LLP to audit the consolidated financial statements and the effectiveness of internal controls, as of December 31, 2009 and for the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009. We and Old GM also retained Deloitte & Touche LLP and certain of its affiliates (collectively, "Deloitte"), as well as other accounting and consulting firms, to provide various other services in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009.

The services performed by Deloitte in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 were pre-approved in accordance with the pre-approval policy and procedures adopted by Old GM's Audit Committee at its October 7, 2003 meeting and adopted by our Audit Committee at its September 8, 2009 meeting. This policy requires that during its first meeting of the calendar year, the Audit Committee will be presented, for consideration, a description of the audit-related, tax, and other services expected to be performed by Deloitte. Any requests for such services in excess of $1 million not contemplated and approved during the first meeting must thereafter be submitted to the Audit Committee (or the Chair of the Audit Committee in an urgent case) for specific pre-approval. Requests for services less than $1 million individually must be pre-approved by the Audit Committee Chair and reported to the full Audit Committee at its next regularly scheduled meeting. The independent auditors selected for the following year present the proposed annual audit services and their related fees to the Audit Committee, generally in May, for approval on an audit-year basis.

Our and Old GM's Audit Committees determined that all services provided by Deloitte in the periods January 1, 2009 through July 9, 2009 and July 10, 2009 through December 31, 2009 were compatible with maintaining the independence of the principal accountants.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes Deloitte fees billed or expected to be billed in connection with our and Old GM's 2009 combined audit and other services. For comparison purposes, actual billings for Old GM's 2008 audit and other services are also displayed (dollars in millions):

	Services Billed	
	2009	2008
Annual audit services	$ 52	$ 38
Audit-related services	10	11
Tax services	8	4
Subtotal	70	53
All other services	1	1
Total	$ 71	$ 54

Audit Fees: $52 million for the audit of our and Old GM's annual consolidated financial statements, including reviews of the interim financial statements contained in our and Old GM's Quarterly Reports on Form 10-Q and preparation of statutory reports. In addition, included in this category are fees for services that generally only Deloitte reasonably can provide, for example, statutory audits, attestation services, consents, and assistance with and review of documents filed with the SEC.

Audit-Related Fees: $10 million for assurance and related services that are traditionally performed by the independent auditor. More specifically, these services include employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with proposed acquisitions, internal control consultations, attestation services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.

Tax Fees: $8 million includes fees for tax compliance, tax planning, and tax advice. Tax compliance involves preparation of original and amended tax returns and claims for refund, and tax payment-planning services. Tax planning and tax advice encompass a diverse range of services, including assistance with tax audits and appeals, tax advice related to mergers and acquisitions and employee benefit plans, and requests for rulings or technical advice from taxing authorities.

All Other Fees: $1 million for services related to project management, process improvements, and assistance with information technology system projects for systems not associated with the financial statements.

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedule***

(a) 1. All Financial Statements and Supplemental Information

2. Financial Statement Schedule II — Valuation and Qualifying Accounts

3. Exhibits

(b) Exhibits

Exhibit Number	Exhibit Name	
3.1	Amended and Restated Certificate of Incorporation of General Motors Company, as amended, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
3.2	General Motors Company Amended and Restated Bylaws dated March 2, 2010	Filed Herewith
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.3†	Amended and Restated Secured Note Agreement among General Motors Company, as Issuer, the Guarantors and UAW Retiree Medical Benefits Trust, as Noteholder, dated August 14, 2009 (refer also to Exhibit 10.1 which includes Schedule 3.25 referenced herein), incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.4†	Assignment and Assumption Agreement and Third Amendment to Amended and Restated Secured Note Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and UAW Retiree Medical Benefits Trust, as Noteholder, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (formerly known as General Motors Holding Company), General Motors LLC (formerly known as General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (formerly known as 7176384 Canada Inc.) and the UAW Retiree Medical Benefits Trust, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.11	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.12	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW	Filed Herewith
10.13	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.14	Form of Compensation Statement	Filed Herewith
10.15	Employment Agreement for Kenneth W. Cole	Filed Herewith
10.16	Consulting Agreement for Frederick A. Henderson	Filed Herewith
10.17	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010.	Incorporated by Reference
10.18	General Motors Company 2009 Long-Term Incentive Plan	Filed Herewith
10.19	General Motors Company Salary Stock Plan	Filed Herewith
10.20	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.21	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith
10.22	Form of Restricted Stock Unit Grant made to certain executive officers incorporated by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.23	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.24†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.25†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.26	General Motors Executive Retirement Plan, as amended August 4, 2008, incorporated herein by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.27	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.28	Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2008	Incorporated by Reference
10.29	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original exercise price and a July 10, 2016 expiration date	Filed Herewith
10.30	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original exercise price and a July 10, 2019 expiration date	Filed Herewith
10.31	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original exercise price and a December 31, 2015 expiration date	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007, 2006 and 2005	Filed Herewith

Table of Contents

Exhibit Number	Exhibit Name	
21	Subsidiaries of the Registrant as of December 31, 2009	Filed Herewith
24	Power of Attorney for Directors of General Motors Corporation	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
99	Consolidated Financial Statements of GMAC and subsidiaries at December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number	Exhibit Name	
3.1	Amended and Restated Certificate of Incorporation of General Motors Company, as amended, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
3.2	General Motors Company Amended and Restated Bylaws dated March 2, 2010	Filed Herewith
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.3†	Amended and Restated Secured Note Agreement among General Motors Company, as Issuer, the Guarantors and UAW Retiree Medical Benefits Trust, as Noteholder, dated August 14, 2009 (refer also to Exhibit 10.1 which includes Schedule 3.25 referenced herein), incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.4†	Assignment and Assumption Agreement and Third Amendment to Amended and Restated Secured Note Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and UAW Retiree Medical Benefits Trust, as Noteholder, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.4 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development of Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (formerly known as General Motors Holding Company), General Motors LLC (formerly known as General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (formerly known as 7176384 Canada Inc.) and the UAW Retiree Medical Benefits Trust, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.11	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.12	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW	Filed Herewith
10.13	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.14	Form of Compensation Statement	Filed Herewith
10.15	Employment Agreement for Kenneth W. Cole	Filed Herewith
10.16	Consulting Agreement for Frederick A. Henderson	Filed Herewith
10.17	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010.	Incorporated by Reference
10.18	General Motors Company 2009 Long-Term Incentive Plan	Filed Herewith
10.19	General Motors Company Salary Stock Plan	Filed Herewith
10.20	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith
10.21	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010	Filed Herewith
10.22	Form of Restricted Stock Unit Grant made to certain executive officers incorporated by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.23	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.24†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.25†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009 incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.26	General Motors Executive Retirement Plan, as amended August 4, 2008, incorporated herein by reference to Exhibit 10(a) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.27	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.28	Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2008	Incorporated by Reference
10.29	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original exercise price and a July 10, 2016 expiration date	Filed Herewith
10.30	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original exercise price and a July 10, 2019 expiration date	Filed Herewith
10.31	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original exercise price and a December 31, 2015 expiration date	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007, 2006 and 2005	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2009	Filed Herewith
24	Power of Attorney for Directors of General Motors Corporation	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
99	Consolidated Financial Statements of GMAC and subsidiaries at December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

* * * * * * *

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

GENERAL MOTORS COMPANY
(Registrant)

Date: April 7, 2010

By: /s/ EDWARD E. WHITACRE, JR.
Edward E. Whitacre, Jr.
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 7th day of April 2010 by the following persons on behalf of the Registrant and in the capacities indicated, including a majority of the directors.

Signature	Title
/s/ EDWARD E. WHITACRE, Jr. (Edward E. Whitacre, Jr.)	Chairman and Chief Executive Officer
/s/ CHRISTOPHER P. LIDDELL (Christopher P. Liddell)	Vice Chairman and Chief Financial Officer
/s/ NICK S. CYPRUS (Nick S. Cyprus)	Vice President, Controller and Chief Accounting Officer
/s/ DANIEL F. AKERSON (Daniel F. Akerson)	Director
/s/ DAVID BONDERMAN (David Bonderman)	Director
/s/ ERROLL B. DAVIS, JR. (Erroll B. Davis, Jr.)	Director
/s/ STEPHEN J. GIRSKY (Stephen J. Girsky)	Director
/s/ E. NEVILLE ISDELL (E. Neville Isdell)	Director
/s/ ROBERT D. KREBS (Robert D. Krebs)	Director
/s/ KENT KRESA (Kent Kresa)	Director
/s/ PHILIP A. LASKAWY (Philip A. Laskawy)	Director

Table of Contents

Signature	Title
/s/ KATHRYN V. MARINELLO (Kathryn V. Marinello)	Director
/s/ PATRICIA F. RUSSO (Patricia F. Russo)	Director
/s/ CAROL M. STEPHENSON (Carol M. Stephenson)	Director

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$ 250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —
For the Year Ended December 31, 2008						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 338	157	—	73	—	$ 422
Other investments and miscellaneous assets (receivables and other)	$ 14	—	29	—	—	$ 43
For the Year Ended December 31, 2007						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 397	—	11	70	—	$ 338
Other investments and miscellaneous assets (receivables and other)	$ 17	—	—	3	—	$ 14

EXHIBIT 14

10-K 1 d10k.htm FORM 10-K

Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549-1004

Form 10-K

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the year ended December 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-34960

GENERAL MOTORS COMPANY

(Exact Name of Registrant as Specified in its Charter)

STATE OF DELAWARE *(State or other jurisdiction of Incorporation or Organization)*	**27-0756180** *(I.R.S. Employer Identification No.)*
300 Renaissance Center, Detroit, Michigan *(Address of Principal Executive Offices)*	**48265-3000** *(Zip Code)*

Registrant's telephone number, including area code
(313) 556-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Stock	New York Stock Exchange/Toronto Stock Exchange
4.75% Series B Mandatory Convertible Junior Preferred Stock	New York Stock Exchange

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its company Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "large accelerated filer," "accelerated filer" and "small reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☑ Smaller reporting company ☐
Do not check if smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

The aggregate market value of the voting stock held by non-affiliates of the registrant (assuming only for purposes of this computation that directors and executive officers may be affiliates) was approximately $55.2 billion on December 31, 2010

As of February 15, 2011 the number of shares outstanding of common stock was 1,560,743,059 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement related to the Annual Stockholders Meeting to be filed subsequently are incorporated by reference into Part III of this Form 10-K.

Table of Contents

INDEX

Table of Contents

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART I

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2010 10-K) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this 2010 10-K, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to an agreement with the Staff of the Securities and Exchange Commission (SEC) as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of MLC (as subsequently defined), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2010 10-K for the periods after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Item 1. Business

Launch of the New General Motors

General Motors Company was formed by the UST in 2009, and prior to July 10, 2009, our business was operated by Old GM. On June 1, 2009, Old GM and three of its domestic direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (the Chapter 11 Proceedings) of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). On July 10, 2009, we, through certain of our subsidiaries, acquired substantially all of the assets and assumed certain liabilities of Old GM in connection with the 363 Sale closing.

Through our purchase of substantially all of the assets and assumption of certain liabilities of Old GM in connection with the 363 Sale, we have launched a new company with a strong balance sheet, a competitive cost structure, and a strong cash position, which we believe will enable us to compete more effectively with our U.S. and foreign-based competitors in the U.S. and to continue our strong presence in growing global markets. In particular, we acquired assets that included Old GM's strongest operations, and we believe we have a competitive operating cost structure, partly as a result of recent agreements with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW) and Canadian Auto Workers Union (CAW).

We have a vision to design, build and sell the world's best vehicles. Our executive leadership and our employees are committed to:

- Building our market share, revenue, earnings and cash flow;
- Improving the quality of our cars and trucks, while increasing customer satisfaction and overall perception of our products; and
- Continuing to take a leadership role in the development of advanced energy saving technologies, including advanced combustion engines, biofuels, fuel cells, hybrid vehicles, extended-range-electric vehicles, and advanced battery development.

Public Offering

In November and December 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of our Series B Preferred Stock and listed our common stock on the New York Stock Exchange and the Toronto Stock Exchange and listed our Series B Preferred Stock on the New York Stock Exchange. We received net proceeds of $4.9 billion from the offering of the Series B Preferred Stock.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

General

We develop, produce and market cars, trucks and parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

Automotive

Our automotive operations meet the demands of our customers through our four automotive segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO) and GM South America (GMSA).

In the year ended December 31, 2009 we combined our vehicle sales data, market share data and production volume data in the period July 10, 2009 through December 31, 2009 with Old GM's data in the period January 1, 2009 through July 9, 2009 for comparative purposes.

Our total worldwide vehicle sales were 8.4 million in the year ended December 31, 2010. Total combined GM and Old GM worldwide vehicle sales in the year ended December 31, 2009 were 7.5 million. Old GM's total worldwide vehicle sales were 8.4 million in the year ended December 31, 2008. Substantially all of the cars, trucks and parts are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In the year ended December 31, 2010 we completed the sale of Saab Automobile AB (Saab) in February 2010 and the sale of Saab Automobile GB (Saab GB) in May 2010 and have completed the wind down of our Pontiac, Saturn and HUMMER brands.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2010 we had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Daewoo Auto & Technology Co. (GM Daewoo), Shanghai General Motors Co., Ltd. (SGM), SAIC-GM-Wuling Automobile Co., Ltd. (SGMW), FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM) and SAIC GM Investment Limited (HKJV). In 2011 SGMW plans to commence sales under the Baojun brand. In January 2011 GM Daewoo announced it will be changing its name to GM Korea and will sell most of its cars under the Chevrolet brand. These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

In addition to the products we sell to our dealers for consumer retail sales, we also sell cars and trucks to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. We sell vehicles to fleet customers directly or through our network of dealers. Our retail and fleet customers can obtain a wide range of aftersale vehicle services and products through our dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Table of Contents

Automotive Financing

On October 1, 2010 we completed the acquisition of AmeriCredit Corp. (AmeriCredit) for cash of approximately $3.5 billion and changed its name to General Motors Financial Company, Inc.

GM Financial is a leading automotive finance company that has been operating since 1992. GM Financial purchases automobile finance contracts for new and used vehicles purchased by consumers primarily from franchised and select independent dealerships. GM Financial predominantly offers financing to consumers who are typically unable to obtain financing from more traditional sources. The typical borrower has experienced prior credit difficulties or has limited credit history and generally has a credit bureau score ranging from 500 through 700. GM Financial services its loan portfolio at regional centers using automated loan servicing and collection systems. Since GM Financial provides financing in a relatively high-risk market, it expects to sustain a higher level of credit losses than other more traditional sources of financing.

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts that are over collateralized, whereby more receivables are transferred to the securitization trusts than the amount of asset-backed securities issued by the securitization trusts, as well as the estimated future excess cash flows expected to be received by GM Financial over the life of the securitization. Excess cash flows result from the difference between the finance charges received from the obligors on the receivables and the interest paid to investors in the asset-backed securities, net of credit losses and expenses.

Excess cash flows in the securitization trusts are initially utilized to fund credit enhancement requirements in order to attain specific credit ratings for the asset-backed securities issued by the securitization trusts. Once targeted credit enhancement requirements are reached and maintained, excess cash flows are distributed to GM Financial or, in a securitization utilizing a senior subordinated structure, may be used to accelerate the repayment of certain subordinated securities. In addition to excess cash flows, GM Financial receives monthly base servicing fees and collects other fees, such as late charges, as servicer for securitization trusts.

In December 2010 GM Financial began offering a lease product in certain geographic areas through our franchised dealerships that targets consumers with prime credit bureau scores leasing new GM vehicles. GM Financial expects to begin offering a nationwide lease product targeting consumers with prime and sub-prime credit scores in 2011.

Competitive Position

Information in this 2010 10-K relating to our relative position in the global automotive industry is based upon the good faith estimates of management, and includes all sales by joint ventures on a total vehicle basis, not based on the percentage of ownership in the joint venture. Market share information in this 2010 10-K is based on vehicle sales volume.

The global automotive industry is highly competitive. The principal factors that determine consumer vehicle preferences in the markets in which we operate include price, quality, available options, style, safety, reliability, fuel economy and functionality. Market leadership in individual countries in which we compete varies widely.

In the year ended December 31, 2010 our worldwide market share was 11.4%. Our vehicle sales volumes in the year ended December 31, 2010 are consistent with a gradual U.S. vehicle sales recovery from the negative economic effects of the U.S. recession first experienced by Old GM in the second half of 2008.

In the year ended December 31, 2009 combined GM and Old GM worldwide market share was 11.6%. In 2009 the U.S. continued to be negatively affected by the economic factors experienced in 2008 as U.S. automotive industry sales declined 21.4% when compared to the year ended December 31, 2008.

In the year ended December 31, 2008 Old GM's worldwide market share was 12.3%. In 2008 worldwide market share was severely affected by the recession in Old GM's largest market, the U.S., and the recession in Western Europe. Tightening of the credit markets, increases in the unemployment rate, declining consumer confidence as a result of declining household incomes and escalating public

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

speculation related to Old GM's potential bankruptcy contributed to significantly lower vehicle sales in the U.S. These economic factors had a negative effect on the U.S. automotive industry and the principal factors that determine consumers' vehicle buying decisions. As a result, consumers delayed purchasing or leasing new vehicles which caused a decline in U.S. vehicle sales.

The following table summarizes the respective U.S. market shares in passenger cars and trucks:

	Years Ended December 31, 2010	2009	2008
GM (a)	18.8%	19.7%	22.1%
Ford	16.7%	15.9%	14.7%
Toyota	15.0%	16.7%	16.5%
Honda	10.4%	10.8%	10.6%
Chrysler	9.2%	8.8%	10.8%
Nissan	7.7%	7.3%	7.0%
Hyundai/Kia	7.6%	6.9%	5.0%

(a) Market share data in the year ended December 31, 2009 combines our market share data in the period July 10, 2009 through December 31, 2009 with Old GM's market share data in the period January 1, 2009 through July 9, 2009 for comparative purposes. Market share data in the year ended December 31, 2008 relates to Old GM.

Vehicle Sales

The following tables summarize total industry sales of new motor vehicles of domestic and foreign makes and the related competitive position (vehicles in thousands):

	Vehicle Sales (a)(b)(c)(d)(e) Years Ended December 31, 2010			2009			2008		
	Industry	GM	GM as a % of Industry	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
United States									
Cars									
Midsize	2,493	472	18.9%	2,288	518	22.7%	2,920	760	26.0%
Small	2,047	171	8.4%	2,051	202	9.8%	2,547	328	12.9%
Luxury	845	69	8.2%	778	69	8.8%	1,017	122	12.0%
Sport	263	94	36.0%	253	85	33.7%	272	48	17.7%
Total cars	5,648	807	14.3%	5,370	874	16.3%	6,756	1,257	18.6%
Trucks									
Utilities	3,632	778	21.4%	3,071	642	20.9%	3,654	809	22.1%
Pick-ups	1,630	553	33.9%	1,404	487	34.7%	1,993	738	37.0%
Vans	678	74	10.9%	583	68	11.7%	841	151	17.9%
Medium Duty	189	4	1.9%	177	13	7.2%	259	26	10.0%
Total trucks	6,130	1,408	23.0%	5,236	1,210	23.1%	6,746	1,723	25.5%
Total United States	11,778	2,215	18.8%	10,607	2,084	19.7%	13,503	2,981	22.1%
Canada, Mexico and Other	2,666	410	15.4%	2,539	400	15.7%	3,065	585	19.1%
Total GMNA	14,444	2,625	18.2%	13,145	2,484	18.9%	16,567	3,565	21.5%
GME	18,952	1,662	8.8%	18,786	1,668	8.9%	21,968	2,043	9.3%
GMIO	35,072	3,077	8.8%	28,258	2,453	8.7%	24,886	1,832	7.4%
GMSA	5,160	1,026	19.9%	4,369	872	20.0%	4,449	920	20.7%
Total Worldwide	73,628	8,390	11.4%	64,559	7,477	11.6%	67,870	8,359	12.3%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

Vehicle Sales (a)(b)(c)(d)(e)
Years Ended December 31,

	2010			2009			2008		
	Industry	GM	GM as a % of Industry	Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Industry	Old GM	Old GM as a % of Industry
GMNA									
United States	11,778	2,215	18.8%	10,607	2,084	19.7%	13,503	2,981	22.1%
Canada	1,583	247	15.6%	1,483	254	17.1%	1,674	359	21.4%
Mexico	848	156	18.3%	774	138	17.9%	1,071	212	19.8%
Other	235	7	3.2%	282	7	2.5%	320	13	4.2%
Total GMNA	14,444	2,625	18.2%	13,145	2,484	18.9%	16,567	3,565	21.5%
GME									
United Kingdom	2,293	290	12.7%	2,223	287	12.9%	2,485	384	15.4%
Germany	3,199	269	8.4%	4,049	382	9.4%	3,425	300	8.8%
Italy	2,160	170	7.9%	2,359	189	8.0%	2,423	202	8.3%
Russia	1,987	159	8.0%	1,511	142	9.4%	3,024	338	11.2%
Uzbekistan	149	145	97.1%	107	103	95.8%	108	20	18.8%
France	2,709	123	4.6%	2,685	119	4.4%	2,574	114	4.4%
Spain	1,115	100	8.9%	1,075	94	8.7%	1,363	107	7.8%
Other	5,341	406	7.6%	4,777	353	7.4%	6,566	579	8.8%
Total GME	18,952	1,662	8.8%	18,786	1,668	8.9%	21,968	2,043	9.3%
GMIO (f)(g)									
China	18,354	2,352	12.8%	13,745	1,826	13.3%	9,074	1,095	12.1%
Australia	1,036	133	12.8%	937	121	12.9%	1,012	133	13.1%
South Korea	1,556	127	8.1%	1,455	115	7.9%	1,215	117	9.7%
Middle East Operations	1,150	123	10.7%	1,053	117	11.1%	1,545	144	9.3%
India	3,016	110	3.7%	2,257	69	3.1%	1,971	66	3.3%
Egypt	249	68	27.2%	206	52	25.5%	262	60	23.1%
Other	9,712	164	1.7%	8,606	152	1.8%	9,807	217	2.2%
Total GMIO	35,072	3,077	8.8%	28,258	2,453	8.7%	24,886	1,832	7.4%
GMSA									
Brazil	3,515	658	18.7%	3,141	596	19.0%	2,820	549	19.5%
Argentina	665	109	16.3%	517	79	15.2%	616	95	15.5%
Colombia	254	85	33.6%	185	67	36.1%	219	80	36.3%
Venezuela	125	51	40.6%	137	49	36.1%	272	90	33.2%
Other	600	123	20.4%	389	81	20.9%	522	105	20.2%
Total GMSA	5,160	1,026	19.9%	4,369	872	20.0%	4,449	920	20.7%
Total Worldwide	73,628	8,390	11.4%	64,559	7,477	11.6%	67,870	8,359	12.3%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(f) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India of 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009 and Old GM SGM joint venture vehicle sales in China of 432,000 vehicles and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(g) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM vehicle sales in China as part of our global market share.

Fleet Sales and Deliveries

The sales and market share data provided previously includes both retail and fleet vehicle sales. Fleet sales are comprised of vehicle sales to daily rental car companies, as well as leasing companies and commercial fleet and government customers. Certain fleet transactions, particularly daily rental, are generally less profitable than retail sales. As part of our pricing strategy, particularly in the U.S., we have improved our mix of sales to specific customers. In the accompanying tables fleet sales are presented as vehicle sales. A significant portion of the sales to daily rental car companies are recorded as operating leases under U.S. GAAP with no recognition of revenue at the date of initial delivery.

The following table summarizes estimated fleet sales and the amount of those sales as a percentage of total vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2010	2009	2008
	GM	Combined GM and Old GM	Old GM
GMNA	715	590	953
GME	534	540	769
GMIO	330	333	389
GMSA	217	177	198
Total fleet sales (a)(b)	1,796	1,640	2,309
Fleet sales as a percentage of total vehicle sales	21.4%	21.9%	27.6%

(a) Fleet sales vary by segment and certain amounts are estimated.

(b) Fleet sales data may include rounding differences.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes U.S. fleet sales and the amount of those sales as a percentage of total U.S. vehicle sales (vehicles in thousands):

	Years Ended December 31,		
	2010	2009	2008
	GM	Combined GM and Old GM	Old GM
Daily rental sales	429	307	480
Other fleet sales	195	207	343
Total fleet sales (a)	624	514	823
Fleet sales as a percentage of total vehicle sales			
Cars	36.9%	29.0%	34.8%
Trucks	23.2%	21.6%	22.4%
Total cars and trucks	28.2%	24.7%	27.6%

(a) Fleet sales data may include rounding differences.

Product Pricing

A number of methods are used to promote our products, including the use of dealer, retail and fleet incentives such as customer rebates and finance rate support. The level of incentives is dependent in large part upon the level of competition in the markets in which we operate and the level of demand for our products. In 2011 we will continue to price vehicles competitively, including offering strategic and tactical incentives as required. We believe this strategy, coupled with sound inventory management, will continue to strengthen the reputation of our brands and result in competitive prices.

Cyclical Nature of Business

In the automotive industry, retail sales are cyclical and production varies from month to month. Vehicle model changeovers occur throughout the year as a result of new market entries. The market for vehicles is cyclical and depends on general economic conditions, credit availability and consumer spending. In 2010 the global automotive industry, particularly in the U.S., had not yet fully recovered from the negative economic factors experienced in 2008.

Relationship with Dealers

We market vehicles worldwide through a network of independent retail dealers and distributors. At December 31, 2010 there were 4,458 vehicle dealers in the U.S., 465 in Canada and 244 in Mexico and other Central American locations. Additionally, there were a total of 15,048 distribution outlets throughout the rest of the world. These outlets include distributors, dealers and authorized sales, service and parts outlets.

The following table summarizes the number of authorized dealerships:

	December 31,		
	2010	2009	2008
GMNA	5,167	6,450	7,360
GME	7,859	8,422	8,732
GMIO	6,053	5,784	4,362
GMSA	1,136	1,166	1,148
Total Worldwide	20,215	21,822	21,602

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. In determining which dealerships would remain in our network we performed analyses of volumes and consumer satisfaction indexes, among other criteria. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Specific Management Initiatives — U.S. Dealer Reduction" for a further discussion on our U.S. dealer reduction.

We enter into a contract with each authorized dealer agreeing to sell to the dealer one or more specified product lines at wholesale prices and granting the dealer the right to sell those vehicles to retail customers from a GM approved location. Our dealers often offer more than one GM brand of vehicle at a single dealership. In fact, we actively promote this for several of our brands in a number of our markets in order to enhance dealer profitability. Authorized GM dealers offer parts, accessories, service and repairs for GM vehicles in the product lines that they sell, using genuine GM parts and accessories. Our dealers are authorized to service GM vehicles under our limited warranty program, and those repairs are to be made only with genuine GM parts. Our dealers generally provide their customers access to credit or lease financing, vehicle insurance and extended service contracts provided by GM Financial, Ally Financial, Inc., formerly GMAC, Inc. (Ally Financial) and other financial institutions.

Because dealers maintain the primary sales and service interface with the ultimate consumer of our products, the quality of GM dealerships and our relationship with our dealers and distributors are critical to our success. In addition to the terms of our contracts with our dealers, we are regulated by various country and state franchise laws that may supersede those contractual terms and impose specific regulatory requirements and standards for initiating dealer network changes, pursuing terminations for cause and other contractual matters.

Research, Development and Intellectual Property

Costs for research, manufacturing engineering, product engineering, and design and development activities relate primarily to developing new products or services or improving existing products or services, including activities related to vehicle emissions control, improved fuel economy and the safety of drivers and passengers.

The following table summarizes research and development expense (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Research and development expense	$ 6,962	$ 3,034	$ 3,017	$ 8,012

Research

Overview

Our top priority for research is to continue to develop and advance our alternative propulsion strategy, as energy diversity and environmental leadership are critical elements of our overall business strategy. Our objective is to be the recognized industry leader in fuel efficiency through the development of a wide variety of technologies to reduce petroleum consumption. To meet this objective we focus on five specific areas:

- Continue to increase the fuel efficiency of our cars and trucks;
- Develop alternative fuel vehicles;
- Invest significantly in our hybrid and electric technologies;
- Invest significantly in plug-in electric vehicle technology; and
- Continue development of hydrogen fuel cell technology.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Fuel Efficiency

We and Old GM have complied with federal fuel economy requirements since their inception in 1978, and we are fully committed to meeting the requirements of the Energy Independence and Security Act of 2007 (EISA) and compliance with other regulatory schemes, including the California vehicle greenhouse gas emissions program. We anticipate steadily improving fuel economy for both our car and truck fleets. We are committed to meeting or exceeding all federal fuel economy standards in the 2011 through 2016 model years. We plan to achieve compliance through a combination of strategies, including: (1) extensive technology improvements to conventional powertrains; (2) increased use of smaller displacement engines and six speed automatic transmissions; (3) vehicle improvements, including increased use of lighter, front-wheel drive architectures; (4) increased hybrid and electric vehicle offerings; and (5) portfolio changes, including increasing car/crossover mix and dropping select larger vehicles in favor of smaller, more fuel efficient offerings.

We are committed to lead in the development of technologies to increase the fuel efficiency of internal combustion engines such as cylinder deactivation, direct injection, turbo-charging with engine downsizing, six speed transmissions and variable valve timing. As a full-line manufacturer that produces a wide variety of cars, trucks and sport utility vehicles, we currently offer 13 models (2011 model year) obtaining 30 mpg or more in highway driving.

Alternative Fuel Vehicles

We have been in the forefront in the development of alternative fuel vehicles, leveraging experience and capability developed around these technologies in our operations in Brazil. Alternative fuels offer the greatest near-term potential to reduce petroleum consumption in the transportation sector, especially as cellulosic sources of ethanol become more affordable and readily available in the U.S.

We currently offer 19 FlexFuel vehicles for the 2011 model year, estimated to be 40% of our U.S. vehicle sales, capable of operating on gasoline, E85 ethanol or any combination of the two. As part of an overall energy diversity strategy, we remain committed to making at least 50% of the vehicles we produce for the U.S. capable of operating on biofuels, specifically E85 ethanol, by 2012, assuming the appropriate infrastructure growth materializes. However, recent regulatory developments occurring in the fourth quarter of 2010 have altered our previous FlexFuel vehicle production goals beyond 2012. We are currently evaluating the effects of these regulatory developments.

We are focused on promoting sustainable biofuels derived from non-food sources, such as agricultural, forestry and municipal waste. We are continuing to work with our two strategic alliances with cellulosic ethanol makers: Coskata, Inc., of Warrenville, Illinois, and New Hampshire based Mascoma Corp. In October 2009, Coskata, Inc. opened its semi-commercial facility for manufacturing cellulosic ethanol and Mascoma Corp. has been making cellulosic ethanol at its Rome, New York, demonstration plant since late 2008.

We are supporting the development of biodiesel, a clean-burning alternative diesel fuel that is produced from renewable sources. In 2011 model year full-size pickups and vans, B20 capability is standard on our Duramax 6.6L turbo diesel engine. The Duramax diesel engine is available in the Chevrolet Silverado and GMC Sierra heavy-duty pickups and Chevrolet Express and GMC Savana full-size vans.

We have announced that Compressed Natural Gas (CNG) and Liquefied Petroleum Gas (LPG) powered versions of the Chevrolet Express and GMC Savana full-size vans will be offered to fleet and commercial customers. We are currently accepting orders for the CNG cargo vans, and the LPG van cutaway models will begin production by the second quarter of 2011. The vans have specially designed engines for the gaseous fuels and come direct to the customer with the fully integrated and warranted dedicated gaseous fuel system in place.

Hybrid and Plug-In Electric Vehicles

We are investing significantly in multiple technologies offering increasing levels of vehicle electrification including hybrid, plug-in hybrid and electric vehicles with extended-range technology. We currently offer seven hybrid models. We continue to develop plug-in

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

hybrid electric vehicle technology (PHEV) which includes the Chevrolet Volt and Opel Ampera electric vehicles with extended range capabilities. We plan to invest heavily between 2011 and 2012 to support the expansion of our electrified vehicle offerings and in-house development and manufacturing capabilities of advanced batteries, electric motors and power control systems.

The GM Two-mode Hybrid system is offered with the automotive industry's only hybrid full-size trucks and sport utility vehicles: Chevrolet Tahoe, Chevrolet Silverado, GMC Yukon and Yukon Denali, GMC Sierra, Cadillac Escalade and Escalade Platinum.

A PHEV, using a modified version of our Two-Mode Hybrid system and advanced lithium-ion battery technology, is scheduled to launch in 2012. The PHEV will provide low-speed electric-only propulsion, and blend engine and battery power to significantly improve fuel efficiency.

The Chevrolet Volt is an electric vehicle with extended range capability. For the first 25 to 50 miles, depending on terrain, driving technique, temperature and battery age, the Chevrolet Volt operates as a full-performance battery electric vehicle powered only by electricity. Once the battery is depleted, the Chevrolet Volt's onboard engine generates the energy needed to power the vehicle over 300 additional miles on a full tank of premium fuel. Production of the 2011 Chevrolet Volt began in November 2010. The Chevrolet Volt arrived in dealerships in select U.S. geographic markets in December 2010, and we plan to have Chevrolet Volts available in all participating dealerships in the U.S. by the end of 2011. A second electric vehicle with extended range, the Opel Ampera, is scheduled to launch in Europe in late 2011.

Hydrogen Fuel Cell Technology

As part of our long-term strategy to reduce petroleum consumption and greenhouse gas emissions we are committed to continuing development of our hydrogen fuel cell technology. We and Old GM have conducted research in hydrogen fuel cell development spanning more than 40 years, and we are the only U.S. automobile manufacturer actively engaged in all elements of the fuel cell propulsion system development in-house. Our Chevrolet Equinox fuel cell electric vehicle demonstration programs, such as Project Driveway, are the largest in the world and have accumulated more than 1.7 million miles of real-world driving by consumers, celebrities, business partners and government agencies. More than 6,500 individuals have driven the fuel cell powered Chevrolet Equinox, either in short drives, such as media or special events, or as part of Project Driveway. To date, their feedback has led to technology improvements such as extending fuel cell stack life and improvements in the regenerative braking system, which has also benefited our Two-Mode Hybrid vehicles, and improvements in the infrastructure of fueling stations for hydrogen fuel cell electric vehicles. The knowledge gained during Project Driveway on the fuel cell itself has affected the development of the Chevrolet Volt battery as we are applying fuel cell thermal design knowledge to the Chevrolet Volt battery design. Project Driveway operates in Washington D.C. and California (including Los Angeles, Orange County and Sacramento) for the California Fuel Cell Partnership and the California Air Resources Board (CARB). Project Driveway also operates in the New York Metropolitan area and the greater New York City area with hydrogen fueling stations at JFK International Airport and in the Bronx. Most Project Driveway participants drive Chevrolet Equinoxes for two months with the cost of fuel and insurance provided free in exchange for participant feedback. The Chevrolet Equinox fuel cell electric vehicles do not use any gasoline or oil and emit only water vapor. We have made significant progress on the fuel cell stack for a second-generation fuel cell vehicle, though we currently have not approved such a program.

OnStar

Advancements in telematics (wireless voice and data) technology are demonstrated through our OnStar service. OnStar's in-vehicle safety, security and communications service is available on more than 40 of our 2011 model year vehicles and currently serves 6 million subscribers in the U.S., Canada and China. In China, OnStar increased in-vehicle telematics services to more than 170,000 subscribers. OnStar's key services include: Automatic Crash Response, Stolen Vehicle Assistance, Turn-by-Turn Navigation, OnStar Vehicle Diagnostics and Hands-Free Calling. In 2010 we offered OnStar eNav, a feature of Turn-by-Turn Navigation, available through Google Maps. OnStar subscribers are able to search for and identify destinations using Google Maps and send those destinations to their vehicles. They can then access the destinations whenever they choose and receive OnStar Turn-by-Turn directions to the destination from wherever they are. Also in 2010, Chevrolet and OnStar unveiled the automotive industry's first

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

working smartphone application, which will allow Chevrolet Volt owners 24/7 connection and remote control of vehicle functions and OnStar features. OnStar's Mobile Application allows drivers to communicate with their Chevrolet Volt from Motorola Droid, Apple iPhone and Blackberry Storm smartphones. It uses a real-time data connection to perform tasks from setting the charge time to unlocking the doors.

In 2009 OnStar developed an Injury Severity Prediction system based on the findings of a Center for Disease Control and Prevention expert panel which allows OnStar advisors to alert first responders when a vehicle crash is likely to have caused serious injury to the occupants. Data from OnStar's Automatic Crash Response system will be used to automatically calculate the Injury Severity Prediction which can assist responders in determining the level of care required and the transport destination for patients. OnStar has also expanded its Stolen Vehicle Assistance services with the announcement of Remote Ignition Block. This will allow an OnStar Advisor to send a remote signal to a subscriber's stolen vehicle to prevent the vehicle from restarting once the ignition is turned off. We believe that this capability will not only help authorities recover stolen vehicles, but can also prevent or shorten dangerous high speed pursuits.

Other Technologies

Other safety systems include the third generation of our StabiliTrak electronic stability control system. The system maximizes handling and braking by using a combination of systems and sensors including anti-lock braking systems (ABS), traction control, suspension and steering. Our Lane Departure Warning System and Side Blind Zone Alert Systems extend and enhance driver awareness and vision.

Product Development

Our vehicle development activities are integrated into a single global organization. This strategy builds on earlier efforts to consolidate and standardize our approach to vehicle development.

Under our global vehicle architecture strategy and for each of our ten global architectures, we define a global architecture as a specific range of performance characteristics and dimensions supporting a common set of major underbody components and subsystems with common interfaces.

A centralized organization is responsible for many of the non-visible parts of the vehicle such as steering, suspension, the brake system, the heating, ventilation and air conditioning system and the electrical system. This team works very closely with the global architecture development teams around the world, who are responsible for components that are unique to each brand, such as exterior and interior design, tuning of the vehicle to meet the brand character requirements and final validation to meet applicable government requirements.

We currently have ten different global architectures that are assigned to regional centers around the world. The allocation of the architectures to specific regions is based on where the expertise for the vehicle segment resides, e.g., mini and small vehicles in Asia Pacific, compact vehicles in Europe and midsize, crossover, and rear-wheel drive vehicles in North America. We are engineering most of these global architectures to enable various electric propulsion systems, rather than having unique architectures for hybrids, plug-in hybrids, extended-range electric and electric vehicles.

The ten global architectures are:

- Mini
- Small
- Compact
- Midsize
- Midsize Crossover
- Midsize Truck
- Small Sport Utility Vehicle
- Compact Sport Utility Vehicle
- Small Rear-Wheel Drive
- Large Rear-Wheel Drive

We plan to increase the volume of vehicles produced from common global architectures to more than 50% of our total volumes in 2015 from less than 17% today.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Intellectual Property

We generate and hold a significant number of patents in a number of countries in connection with the operation of our business. While none of these patents by itself is material to our business as a whole, these patents are very important to our operations and continued technological development. We hold a number of trademarks and service marks that are very important to our identity and recognition in the marketplace.

Raw Materials, Services and Supplies

We purchase a wide variety of raw materials, parts, supplies, energy, freight, transportation and other services from numerous suppliers for use in the manufacture of our products. The raw materials are primarily composed of steel, aluminum, resins, copper, lead and platinum group metals. We have not experienced any significant shortages of raw materials and normally do not carry substantial inventories of such raw materials in excess of levels reasonably required to meet our production requirements. In 2009 the weakening of commodity prices experienced in the latter part of 2008 was generally reversed with prices returning to more historical levels by year end. In early 2010, our costs increased further as commodity prices increased faster than expected due to economic growth in China and speculative activity in the commodity markets. During the middle part of 2010 there was a slight leveling of commodity prices due to European sovereign debt issues and concerns over a slowdown in China, but commodity prices have returned to steady price increases during the last few months of 2010.

In some instances, we purchase systems, components, parts and supplies from a single source and may be at an increased risk for supply disruptions. Based on our standard payment terms with our systems, components and parts suppliers, we are generally required to pay most of these suppliers on average 47 days following receipt with weekly disbursements.

Environmental and Regulatory Matters

Automotive Emissions Control

We are subject to laws and regulations that require us to control automotive emissions, including vehicle exhaust emission standards, vehicle evaporative emission standards and onboard diagnostic system (OBD) requirements, in the regions throughout the world in which we sell cars, trucks and heavy-duty engines.

North America

The U.S. federal government imposes stringent emission control requirements on vehicles sold in the U.S., and additional requirements are imposed by various state governments, most notably California. These requirements include pre-production testing of vehicles, testing of vehicles after assembly, the imposition of emission defect and performance warranties and the obligation to recall and repair customer owned vehicles that do not comply with emissions requirements. We must obtain certification that the vehicles will meet emission requirements from the Environmental Protection Agency (EPA) before we can sell vehicles in the U.S. and Canada and from the CARB before we can sell vehicles in California and other states that have adopted the California emissions requirements.

The EPA and the CARB continue to emphasize testing on vehicles sold in the U.S. for compliance with these emissions requirements. We believe that our vehicles meet the current EPA and CARB requirements. If our vehicles do not comply with the emission standards or if defective emission control systems or components are discovered in such testing, or as part of government required defect reporting, we could incur substantial costs related to emissions recalls and possible fines. We expect that new CARB and federal requirements will increase the time and mileage periods over which manufacturers are responsible for a vehicle's emission performance.

The current EPA and the CARB emission requirements are referred to as Tier 2 and Low Emission Vehicle (LEV) II. Fleet-wide compliance with the Tier 2 and LEV II standards must be achieved based on a sales-weighted fleet average. President Obama has

Table of Contents

directed the EPA to review its vehicle emission standards, and if the EPA finds that more stringent emission regulations are necessary, to promulgate such regulations. The CARB is developing its next generation emission standards, LEV III, which will further increase the stringency of its emission standards. We expect the LEV III requirements to be adopted as early as the fourth quarter of 2011 and to be phased in beginning with the 2014 model year. Both the EPA and the CARB have enacted regulations to control the emissions of greenhouse gases. Since we believe these regulations are effectively a form of fuel economy requirement, they are discussed under "Automotive Fuel Economy."

California law requires that 11% of 2011 model year cars and certain light-duty trucks sold in the state must be zero emission vehicles (ZEV), such as electric vehicles or hydrogen fuel cell vehicles. The requirement is based on a complex system of credits that vary in magnitude by vehicle type and model year. Manufacturers have the option of meeting a portion of this requirement with partial ZEV credit for vehicles that meet very stringent exhaust and evaporative emission standards and have extended emission system warranties. An additional portion of the ZEV requirement can be met with vehicles that meet these partial ZEV requirements and incorporate advanced technology, such as a hybrid electric propulsion system meeting specified criteria. Beginning in 2012, an additional portion of the ZEV requirement can be met with PHEVs that meet the partial ZEV requirements and certain other criteria. We are complying with the ZEV requirements using a variety of means, including producing vehicles certified to the partial ZEV requirements. CARB has also announced plans to adopt, as early as the fourth quarter of 2011, 2018 model year and later requirements for ZEVs and PHEVs to achieve greenhouse gas as well as criteria pollutant emission reductions to help achieve the state's long-term greenhouse gas reduction goals.

The Clean Air Act permits states that have areas with air quality compliance issues to adopt the California car and light-duty truck emission standards in lieu of the federal requirements. Twelve states, including New York, Massachusetts, Maine, Vermont, Connecticut, Pennsylvania, Rhode Island, New Jersey, Oregon, Washington, Maryland and New Mexico, as well as the Province of Quebec, currently have these standards in effect, although New Mexico has waived its requirements through 2016 effective January 2011. Arizona has adopted the California standards effective beginning in the 2012 model year and Delaware has adopted those standards beginning in the 2014 model year. Additional states could also adopt the California standards in the future.

Advanced OBD systems, used to identify and diagnose problems with emission control systems, are required under U.S. federal, Canadian federal and California law. Problems detected by the OBD system have the potential of increasing warranty costs and the chance for recall. OBD requirements become more challenging each year as vehicles must meet lower emission standards and new diagnostics are required. California has adopted more stringent and technically challenging OBD requirements that take effect from the 2008 through 2013 model years, including new design requirements and corresponding enforcement procedures. We have implemented hardware and software changes to comply with these more stringent requirements.

The federal Tier 2 requirements for evaporative emissions are being harmonized with the California evaporative emission requirements beginning with a 2009 model year phase-in. California plans to further increase the stringency of its evaporative emission requirements as part of its LEV III rulemaking.

Vehicles equipped with heavy-duty engines are also subject to stringent emission requirements, and could be recalled, or fines could be imposed against us, should testing or defect reporting identify a noncompliance with these emission requirements. For the 2011 model year, certain gasoline and diesel-powered Chevrolet Silverados, GMC Sierra Pickups, Chevrolet Express and GMC Savana Vans are classified as heavy-duty and subject to these requirements. We also certify heavy-duty engines for installation in other manufacturers' products. The heavy-duty exhaust standards became more stringent in the 2010 model year. As permitted by EPA and CARB regulations, we are using a system of credits, referred to as Averaging Banking and Trading, to help meet these stringent standards. OBD requirements were first applied to heavy-duty vehicles beginning with the 2010 model year, which we are meeting with certain hardware and software changes.

Europe

In Europe, emissions are regulated by two different entities: the European Commission (EC) and the United Nations Economic Commission for Europe (UN ECE). The EC imposes harmonized emission control requirements on vehicles sold in all 27 European

Table of Contents

Union (EU) Member States, and other countries apply regulations under the framework of the UN ECE. EU Member States can give tax incentives to automobile manufacturers for vehicles which meet emission standards earlier than the compliance date. This can result in specific market requirements for automobile manufacturers to introduce technology earlier than is required for compliance with the EC emission standards. The current EC requirements include type approval of preproduction testing of vehicles, testing of vehicles after assembly and the obligation to recall and repair vehicles that do not comply with emissions requirements. EC and UN ECE requirements are equivalent in terms of stringency and implementation. We must demonstrate that vehicles will meet emission requirements in witness tests and obtain type approval from an approval authority before we can sell vehicles in the EU Member States.

Emission requirements in Europe will become even more stringent in the future. A new level of exhaust emission standards for cars and light-duty trucks, Euro 5 standards, was applied in 2009, while stricter Euro 6 standards will apply beginning in 2014. The OBD requirements associated with these new standards will become more challenging as well. The new European emission standards focus particularly on reducing emissions from diesel vehicles. Diesel vehicles have become important in the European marketplace, where they encompass 50% of the market share. The new requirements will require additional technologies and further increase the cost of diesel engines, which currently cost more than gasoline engines. To comply with Euro 6, we expect that we will need to implement technologies which are identical to those being developed to meet U.S. emission standards. The technologies available today are not cost effective and would therefore not be suitable for the European market for small- and mid-size diesel vehicles, which typically are under high cost pressure. Certain measures to reduce exhaust pollutant emissions have detrimental effects on vehicle fuel economy, which drives additional technology cost to maintain fuel economy.

In the long-term, notwithstanding the already low vehicle emissions in Europe, regulatory discussions in Europe are expected to continue. Regulators will continue to refine the testing requirements addressing issues such as test cycle, durability, OBD, in-service conformity and off-cycle emissions.

International Operations

In our international operations, our vehicles are subject to a broad range of vehicle emission laws and regulations. China has implemented European emission standards, with Euro 4 standards first applied in Beijing in 2008. Shanghai implemented Euro 4 standards with European OBD requirements for newly registered vehicles in 2009 and Euro 4 standards came into effect nationwide in 2010 for new vehicle approvals and will come into effect beginning in 2011 for newly registered vehicles. Beijing is expected to require many elements of Euro 5 standards for newly registered vehicles beginning in 2012 with additional elements of Euro 5 standards being enforced beginning in 2014. Nationwide implementation of Euro 5 is expected in 2013 or 2014. South Korea has implemented the following: (1) CARB emission requirements based on a sales-weighted fleet average with different application timings and levels of non-methane organic gas (which is the sum of all organic air pollutants, excluding methane) targets for gasoline and LPG powered vehicles; (2) Euro 5 standards for diesel-powered vehicles; (3) CARB standards for gasoline-powered vehicles; and (4) EU regulations for diesel-powered vehicles for OBD and evaporative emissions. The senior representatives from each of the Association of Southeast Asian Nations (ASEAN Committee) agreed that the major ASEAN countries of Thailand, Malaysia, Indonesia, Philippines and Singapore would implement Euro 4 standards for gasoline and diesel powertrains, with the exception of Singapore which already requires Euro 4 for diesel powertrains. In April 2010 most of the ASEAN countries decided to postpone Euro 4 beyond 2012 with the exception of Thailand. Since April 2010 India's Bharat Stage IV emission standards have been required for new vehicle registrations in 13 major cities and Bharat Stage III emission standards are required throughout the rest of India. Starting in 2013 EU OBD II will be implemented for all Bharat Stage IV vehicles. Roadworthiness requirements in 13 major cities for Bharat Stage IV vehicles will commence in 2011. Japan sets specific exhaust emission and durability standards, test methods and driving cycles. In Japan, OBD is required with both EU and U.S. OBD systems accepted. All other countries in which we conduct operations within the Asia Pacific region either require or allow some form of EPA, EU or UN ECE style emission regulations with or without OBD requirements. In Russia, current emission regulations are equivalent to Euro 3 for cars and Euro 2 for commercial vehicles. The implementation of Euro 4 equivalent emission requirements for cars has been delayed to 2012. Euro 5 equivalent emission requirements for cars do not have an implementation date, but are expected to be implemented in 2015. Australia currently requires a Euro 4 equivalent emission standard and is currently considering the implementation of a Euro 5 equivalent emission standard.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

South America

In South America, some countries follow the U.S. test procedures, standards and OBD requirements and some follow the EU test procedures, standards and OBD requirements with different levels of stringency. Brazil implemented national LEV standards, L5, which preceded Tier 2 standards in the U.S., for passenger cars and light commercial vehicles in 2009. L6 standards for light diesel vehicles are to be implemented in 2012, which mandate OBD requirements for light diesel vehicles in 2015. L6 standards for light gasoline vehicles are to be implemented in 2014 for new vehicles and 2015 for all models. Argentina implemented Euro 4 standards starting with new vehicle registrations in 2009 and is moving to Euro 5 standards in 2012 for new vehicles and 2014 for all models. Chile currently requires U.S. Tier 1 or Euro 3 standards for gasoline vehicles and U.S. Tier 2 Bin 8 or Euro 4 standards for diesel vehicles and has approved U.S. Tier 2 Bin 8 or Euro 4 standards for gasoline vehicles beginning in April 2011 and U.S. Tier 2 Bin 5 or Euro 5 standards for diesel vehicles beginning in September 2011. Other countries in the South America region either have adopted some level of U.S. or EU standards or no standards at all.

Industrial Environmental Control

Our operations are subject to a wide range of environmental protection laws including those laws regulating air emissions, water discharges, waste management and environmental cleanup. In connection with the 363 Sale we have assumed various stages of investigation for sites where contamination has been alleged and a number of remediation actions to clean up hazardous wastes as required by federal and state laws. Certain environmental statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site. Under certain circumstances these laws impose joint and several liability, as well as liability for related damages to natural resources.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. Environmental reserves are recorded when it is probable that a liability has been incurred and the amount of the liability is reasonably estimable. This practice is followed whether the claims are asserted or unasserted. At December 31, 2010 our reserves for environmental liabilities were $195 million. The amount of current reserves is expected to be paid out over the periods of remediation for the applicable sites, which typically range from five to 30 years.

The following table summarizes the expenditures for site-remediation actions, including ongoing operations and maintenance (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Site remediation expenses	$ 19	$ 3	$ 34	$ 94

It is possible that such remediation actions could require average annual expenditures of $30 million over the next five years.

Certain remediation costs and other damages for which we ultimately may be responsible are not reasonably estimable because of uncertainties with respect to factors such as our connection to the site or to materials located at the site, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation). As a result, we are unable to determine or reasonably estimate the total amount of costs or other damages for which we are potentially responsible in connection with all sites, although that total could be substantial.

To mitigate the effects our worldwide facilities have on the environment, we are committed to convert as many of our worldwide facilities as possible to landfill-free facilities. Landfill-free facilities send no manufacturing waste to landfills, by either recycling or creating energy from the waste. As part of our commitment to reduce the environmental effect resulting from our worldwide facilities, our goal was to convert half of our major global manufacturing operations to landfill-free facilities by 2010. In 2010 we achieved this

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

goal with 76 landfill-free facilities, which is 52% of our worldwide facilities. At our landfill-free facilities, over 96% of waste materials are recycled or reused and 3% is converted to energy at waste-to-energy facilities. We estimate that we recycled or reused over 1.9 million tons of waste materials and estimate that we converted 38,800 tons of waste materials to energy at waste-to-energy facilities in the year ended December 31, 2010. These numbers will increase as additional manufacturing sites reach landfill-free status.

We are continuing to implement our global energy strategy with a goal to increase our green power purchases. Our web-based data collection and management system is an integrated application designed to monitor and measure energy use as well as calculate the related carbon dioxide (CO_2) emissions, including collecting and verifying energy, water, and other environmental data from facilities around the globe. We manage our greenhouse gas emissions using an integrated systems approach. This integrated systems approach includes a greenhouse gas reporting policy, global process to collect accurate data, internal and external targets and reporting progress against the established targets.

Automotive Fuel Economy

North America

The 1975 Energy Policy and Conservation Act (EPCA) provided for average fuel economy requirements for fleets of passenger cars built for the 1978 model year and thereafter. Corporate Average Fuel Economy (CAFE) reporting is required for three separate fleets, domestically produced cars, imported cars and light-duty trucks. In 2010 car standards were fixed at 27.5 mpg while the light duty trucks standards were established using targets for various vehicle sizes and vehicle model sales volumes. The following table summarizes our estimated CAFE compliance standards and our projected compliance (in mpg):

	2010 Model Year (a)		2011 Model Year (b)(c)	
	Standard	GM	Standard	GM
Domestic car	27.5	30.6	30.0	31.0
Import car	27.5	34.0	28.2	30.2
Light-duty truck	22.9	25.4	22.7	22.7

(a) Reported in our Official 2010 Mid-Model Year Automotive Fuel Economy Report to National Highway Traffic Safety Administration (NHTSA).

(b) Reported in our Official 2011 Pre-Model Year Automotive Fuel Economy Report to NHTSA.

(c) Beginning in 2011 all three fleet's standards are reformed (i.e., based on vehicle size and vehicle model sales volumes).

In response to a U.S. Supreme Court decision, the EPA was directed to establish a new program to regulate greenhouse gas emissions for vehicles under the Clean Air Act. In April 2010 the EPA and the NHTSA issued a joint final rule to implement a coordinated national program consisting of new requirements for model year 2012 through 2016 light-duty vehicles that will reduce greenhouse gas emissions under the Clean Air Act and improve fuel economy pursuant to the CAFE standards under the EPCA. These reform-based standards apply to 2012 through 2016 model year passenger cars, light-duty trucks, and medium-duty passenger vehicles (collectively, light-duty vehicles) and will require an industry wide standard of 35.5 mpg by 2016. Our current product plan projects compliance with the federal programs through 2016.

Environment Canada, an agency established to preserve and enhance the quality of the natural environment and coordinate environmental policies and programs for the Canadian federal government, implemented vehicle greenhouse gas standards that were harmonized with the mandatory standards of the U.S. beginning with the 2011 model year. The Province of Quebec has indicated that it will align its vehicle greenhouse gas regulation to the Canadian federal government requirements once they are finalized.

California has passed legislation (AB 1493) requiring the CARB to regulate greenhouse gas emissions from vehicles (which is the same as regulating fuel economy). This California program is currently established for the 2009 through 2016 model years. California needed a federal waiver to implement this program and was granted this waiver in June 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

CARB has agreed that compliance with the federal program is deemed to be compliance with the California program for 2012 through 2016 model years. California's program to regulate vehicle greenhouse gases is separately in effect for the 2009 through 2011 model years. The following table summarizes California's program compliance standards and our projected compliance (in grams per mile CO_2-equivalent):

	2009 Model Year		2010 Model Year		2011 Model Year	
	Standard	Combined GM and Old GM	Standard	GM	Standard	GM (a)
Passenger car and light-duty truck 1 fleet	323	297	301	295	267	291
Light–duty truck 2 + medium-duty passenger vehicle fleet	439	414	420	384	390	379

(a) Our performance projections for the 2011 model year for passenger cars is projected to be more than the standard. We are still projecting compliance in 2011 due to the allowed use of credits earned in previous years.

Europe

In Europe, legislation was passed in 2009 to regulate vehicle CO_2 emissions beginning in 2012. Based on a target function of CO_2 to vehicle weight, each automobile manufacturer must meet a specific sales weighted fleet average target. This fleet average requirement will be phased in with 65% of vehicles sold in 2012 required to meet this target, 75% in 2013, 80% in 2014 and 100% in 2015 and beyond. Automobile manufacturers can earn super-credits under this legislation for the sales volume of vehicles having a specific CO_2 value of less than 50 grams CO_2. This is intended to encourage the early introduction of ultra-low CO_2 vehicles such as the Chevrolet Volt and Opel Ampera by providing an additional incentive to reduce the CO_2 fleet average. Automobile manufacturers may gain credit of up to seven grams for eco-innovations for those technologies which improve real-world fuel economy but may not show in the test cycle, such as solar panels on vehicles. There is also a 5% credit for E85 FlexFuel vehicles if more than 30% of refueling stations in an EU Member State sell E85. Further regulatory detail is being developed in the comitology process, which develops the detail of the regulatory requirements through a process involving the EC and EU Member States. The legislation sets a target of 95 grams per kilometer CO_2 for 2020 with an impact assessment required to further assess and develop this requirement. We have developed a compliance plan by adopting operational CO_2 targets for each market entry in Europe.

In 2009 the European Commission adopted a proposal to regulate CO_2 emissions from light commercial vehicles. The proposal is modeled after the CO_2 regulation for passenger cars. It proposes that new light commercial vehicles meet a fleet average CO_2 target of 175 grams per kilometer CO_2 with a phase-in of compliance beginning with 75% of new light commercial vehicles by 2014, 80% by 2015 and 100% compliance by 2016. The manufacturer-specific CO_2 compliance target will be determined as a function of the weight of the vehicle with all standard equipment and fuel (vehicle curb weight). Flexibilities, such as eco-innovations and super credits, are part of the regulatory proposal as well. A long-term target for 2020 of 135g/km has been also proposed, to be confirmed in 2013 after an impact assessment. We are currently performing an assessment of the effect of the proposal on our fleet of light commercial vehicles. The proposal will now go through the legislative process with the European Parliament and European Council, during which we expect some modifications to be adopted.

An EC regulation has been adopted that will require low-rolling resistance tires, tire pressure monitoring systems and gear shift indicators by 2012. An additional EC regulation has been adopted that will require labeling of tires for noise, fuel efficiency and rolling resistance, affecting vehicles at the point of sale as well as the sale of tires in the aftermarket.

Seventeen EU Member States have introduced fuel consumption or CO_2 based vehicle taxation schemes. Tax measures are within the jurisdiction of the EU Member States. We are faced with significant challenges relative to the predictability of future tax laws and differences in the tax schemes and thresholds.

International Operations

In our international operations, we face new or increasingly more stringent fuel economy standards. In China, Phase 3 fuel economy standards are under development and will move from a vehicle pass-fail system to a curb-weight based, corporate fleet

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

average scheme. Phase 3 fuel economy standards are expected to increase by 15% or more from the current Phase 2 targets and implementation is expected to be phased in from 2012 with full compliance required by 2015. Some relief for certain vehicle types and vehicles with automatic transmissions will be applied through 2015. In 2016 there will be one common standard for vehicles with either a manual or automatic transmission. China is also considering proposals to increase annual vehicle taxes, and to scale the tax rates to more heavily tax larger displacement engines beginning in 2012. In Korea, new preliminary fuel economy/CO_2 targets for 2012 through 2015 and beyond were announced in September 2010 as part of the government's low carbon/green growth strategy. These targets are based on each vehicle's curb weight, but in general are set at levels more stringent than fuel economy/CO_2 targets in the U.S., but less stringent than fuel economy/CO_2 targets in Europe. The proposed standards will be phased-in beginning in 2012 and finishing in 2015 with manufacturers having the option to certify either on a fuel consumption basis or a CO_2 emissions basis. Each manufacturer will be given a corporate target to meet based on an overall industry fleet fuel economy/CO_2 average. Other aspects of the program being considered include credits, incentives, and penalties. In January 2011 Korea announced the exemption level for compliance by small volume manufacturers as discussed in the Korea-U.S. and Korea-EU free trade agreement negotiations. Manufacturers with sales volumes of less than 4,500 units in 2009 will meet the small volume manufacturer's exemption and will be subject to less stringent requirements. Korea is expected to finalize and promulgate the new fuel economy/CO_2 regulation in the first quarter of 2011. In Australia, the government is conducting an assessment of possible vehicle fuel efficiency measures including shifting from voluntary to mandatory standards and how any such move would align with the government's policy response to climate change. Before the government makes any decisions on additional fuel efficiency measures, it will conduct an industry consultation. India is expected to establish fuel economy norms based on weight and measured in CO_2 emissions that will become mandatory in 2015. The Indian government is considering establishing voluntary limits in 2012, mandatory limits in 2015 with a 12.4% decrease from 2012 values and a 13.0% drop from 2015 limits by 2020. In 2009 automobile manufacturers in India began to voluntarily declare the fuel economy of each vehicle at the point of sale. In South Africa, CO_2 emissions are not regulated, but a new CO_2 emission tax went into effect for all new passenger cars in September 2010 with the exception of double cabbed light commercial vehicles, for which implementation is delayed until March 2011.

South America

In Brazil, governmental bodies and the Brazilian automobile manufacturers association established a national voluntary program for evaluation and labeling of light passenger and commercial vehicles equipped with internal combustion engines. This voluntary program aims to increase vehicle energy efficiency by labeling vehicles with fuel consumption measurements for urban, extra-urban and combined (equivalent to city and highway mpg measurements in the U.S.) driving conditions.

Chemical Regulations

North America

In the U.S., the EPA and several states have introduced regulations or legislation related to the selection and use of safer chemical alternatives, green chemistry and product stewardship initiatives as have several provinces in Canada. These initiatives will give broad regulatory authority over the use of certain chemical substances and potentially affect automobile manufacturers' responsibilities for vehicle life-cycle, including chemical substance selection for product development and manufacturing. Although vehicles may not specifically be included in the regulations currently being developed, automotive sector effects are expected because substances that comprise components may be included. These emerging regulations will potentially lead to increases in cost and supply chain complexity. California's "Safer Alternatives for Consumer Products" was the first of these regulations although implementation requirements have been delayed beyond 2010.

Europe

In 2007 the EU implemented its regulatory requirements to register, evaluate, authorize and restrict the use of chemical substances (REACH). This regulation requires chemical substances manufactured in or imported into the EU in quantities of one metric ton or more per year to be registered with the European Chemicals Agency before 2018. During REACH's pre-registration phase, Old GM

Table of Contents

and our suppliers registered those substances identified by the regulation. REACH is to be phased in over a 10 year period. During the implementation phase, REACH will require ongoing action from manufacturers and importers of pure chemical substances, chemical preparations (mixtures), and articles. This will affect us, as an original equipment manufacturer (OEM), as well as our suppliers and other suppliers in the supply chain. Under REACH, substances of very high concern may either require authorization for further use or may be restricted in the future. This could potentially increase the cost of certain alternative substances that are used to manufacture vehicles and parts or result in a supply chain disruption when a substance is no longer available to meet production timelines. Our research and development initiatives may be diverted to address future REACH requirements. In order to maintain compliance, we are continually monitoring the implementation of REACH and its effect on our suppliers and the automotive industry.

Safety

New motor vehicles and motor vehicle equipment sold in the U.S. are required to meet certain safety standards promulgated by the NHTSA. The National Traffic and Motor Vehicle Safety Act of 1966 authorized the NHTSA to determine these standards and the schedule for implementing them. In the case of a vehicle defect that creates an unreasonable risk to motor vehicle safety or if a vehicle or item of motor vehicle equipment does not comply with a safety standard, the manufacturer is required to notify owners and provide a remedy. We are required to report certain information relating to certain customer complaints, warranty claims, field reports and notices and claims involving property damage, injuries and fatalities in the U.S. and claims involving fatalities outside the U.S., as well as information concerning safety recalls and other safety campaigns outside the U.S.

We are subject to certain safety standards and recall regulations in the markets outside the U.S. These standards often have the same purpose as the U.S. standards, but may differ in their requirements and test procedures. From time to time, other countries pass regulations which are more stringent than U.S. standards. Many countries require type approval while the U.S. and Canada require self-certification.

Vehicular Noise Control

Vehicles we manufacture and sell may be subject to noise emission regulations.

In the U.S., passenger cars and light-duty trucks are subject to state and local motor vehicle noise regulations. We are committed to designing and developing our products to meet these noise regulations. Since addressing different vehicle noise regulations established in numerous state and local jurisdictions is not practical, we attempt to identify the most stringent requirements and validate to those requirements. In the rare instances where a state or local noise regulation is not covered by the composite requirement, a waiver of the requirement is requested and to date the resolution of these matters has not resulted in significant cost or other material adverse effects to us. Medium to heavy-duty trucks are regulated at the federal level. Federal truck regulations preempt all United States state or local noise regulations for trucks over 10,000 lbs. gross vehicle weight rating.

Outside the U.S., noise regulations have been established by authorities at the national and supranational level (e.g., EC or UN ECE for Europe). We believe that our vehicles meet all applicable noise regulations in the markets where they are sold.

While current noise emission regulations serve to regulate maximum allowable noise levels, proposals have been made to regulate minimum noise levels. These proposals stem from concern that vehicles that are relatively quiet, specifically hybrids, may not be heard by the sight-impaired. In the U.S., the Pedestrian Safety Enhancement Act was signed into law in January 2011 which requires NHTSA to study and then issue rulemaking on the minimum safe level of sound for hybrid and electrical vehicles. In Japan, the Ministry of Land, Infrastructure and Transport has issued guidelines on the performance and nature of any external audible pedestrian alert system, if fitted to a vehicle. The UN ECE is evaluating the use of a version of the Japanese guideline as an interim measure, pending further study. We are committed to design and manufacture vehicles to comply with potential noise emission regulations that may come from these proposals.

Potential Effect of Regulations

We are actively working on aggressive near-term and long-term plans to develop and bring to market technologies designed to further reduce emissions, mitigate remediation expenses related to environmental liabilities, improve fuel efficiency, monitor and

Table of Contents

enhance the safety features of our vehicles and provide additional value and benefits to our customers. This is illustrated by our commitment to marketing more hybrid vehicles, our accelerated commitment to developing electrically powered vehicles, our use of biofuels in our expanded portfolio of FlexFuel vehicles and enhancements to conventional internal combustion engine technology which have contributed to the fuel efficiency of our vehicles. The conversion of many of our manufacturing facilities to landfill-free status has shown our commitment to mitigate potential environmental liability. We believe that the development and global implementation of new, cost-effective energy technologies in all sectors is the most effective way to improve energy efficiency, reduce greenhouse gas emissions and mitigate environmental liabilities.

Despite these advanced technology efforts, our ability to satisfy fuel economy, CO_2 and other emissions requirements is contingent on various future economic, consumer, legislative and regulatory factors that we cannot control and cannot predict with certainty. If we are not able to comply with specific new requirements, which include higher CAFE standards and state CO_2 requirements such as those imposed by the AB 1493 Rules, then we could be subject to sizeable civil penalties or have to restrict product offerings drastically to remain in compliance. Environmental liabilities, for which we may be responsible, are not reasonably estimable and could be substantial. Violations of safety or emissions standards could result in the recall of one or more of our products. In turn, any of these actions could have substantial adverse effects on our operations, including facility idling, reduced employment, increased costs and loss of revenue.

Pension Legislation

We are subject to a variety of federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the Pension Protection Act of 2006 (PPA), which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. The PPA is designed, among other things, to more appropriately reflect the fair value of pension assets and liabilities in order to determine funding requirements. The Pension Relief Act of 2010 provides us with additional options to amortize any shortfall amortization base for U.S. hourly and salaried qualified pension plans over seven years with amortization starting two years after the election of this relief or 15 years. While we do not need to make an election at this time, we expect to evaluate these options for the 2010 and 2011 plan years in the future. We do not have any required contributions in 2011. If we decide to elect one of these options, it could provide us with the flexibility to defer and potentially reduce the size of any minimum funding requirements for future years. We also maintain pension plans for employees in a number of countries outside the U.S., which are subject to local laws and regulations.

Export Control

We are subject to U.S. export control laws and regulations, including those administered by the U.S. Departments of State, Commerce, and Treasury. Most countries in which we do business have applicable export controls. Our Office of Export Compliance and global Export Compliance Officers are responsible for working with our business units to ensure compliance with these laws and regulations. Non-U.S. export controls are likely to become increasingly significant to our business as we develop our research and development operations on a global basis. If we fail to comply with applicable export compliance regulations, we and our employees could be subject to criminal and civil penalties and, under certain circumstances, loss of export privileges and debarment from doing business with the U.S. government and the governments of other countries.

Significant Transactions

Public Offering

In November and December 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of our Series B Preferred Stock and listed our common stock on the New York Stock Exchange and the Toronto Stock Exchange and listed our Series B Preferred Stock on the New York Stock Exchange. We received net proceeds of $4.9 billion from the offering of the Series B Preferred Stock.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Purchase of Series A Preferred Stock and Contributions to Pension Plans

In December 2010 we used proceeds received from our Series B Preferred Stock offering along with $1.2 billion cash on hand to purchase 84 million shares of our Series A Preferred Stock from the UST for a purchase price of $2.1 billion and make a $4.0 billion cash contribution to our U.S. hourly and salaried pension plans. In January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition — Specific Management Initiatives" for additional information about the purchase of Series A Preferred Stock and contributions to U.S. hourly and salaried pension plans.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility. While we do not believe that we will be required to draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition — Liquidity and Capital Resources — Secured Revolving Credit Facility" for additional information about the secured revolving credit facility.

Acquisition of AmeriCredit

On October 1, 2010 we completed the acquisition of AmeriCredit for cash of approximately $3.5 billion.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and three of its domestic direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Purchase Agreement, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009 (Purchase Agreement). Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Chapter 11 Proceedings and the 363 Sale" for additional information about the 363 Sale.

In connection with the 363 Sale, we also entered into a secured note agreement, as amended (VEBA Note Agreement) with the UAW Retiree Medical Benefits Trust (New VEBA) and issued the notes thereunder (VEBA Notes) to the New VEBA in the principal amount of $2.5 billion on July 10, 2009. The VEBA Notes had an implied interest rate of 9.0% per annum and were scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017. In October 2010, we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Agreements with UST and EDC

On July 10, 2009 we entered into a secured credit agreement with the UST (as amended, UST Credit Agreement) and assumed debt of $7.1 billion Old GM incurred under the DIP Facility (as subsequently defined). Through our wholly-owned subsidiary General Motors of Canada (GMCL), we entered into an amended and restated loan agreement (Canadian Loan Agreement) with Export Development of Canada (EDC) and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015 (Canadian Loan). Proceeds of the DIP Facility of $16.4 billion were deposited in escrow, to be distributed to us at our request if certain conditions were met and returned to us after the UST Loans and the Canadian Loan were repaid in full. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment due to the termination of the U.S. government sponsored warranty program, reducing the principal balance to $6.7 billion.

In April 2010 we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion and GMCL repaid in full the then-outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. Following our repayment of the UST Loans and the Canadian Loan, our remaining funds of $6.6 billion that were held in escrow

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

became unrestricted. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — UST Loans and Canadian Loan" for additional information about the UST Loans and Canadian Loan.

Agreement with Delphi Corporation

In July 2009, we entered into the Delphi Master Distribution Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We and several third party investors agreed to acquire substantially all of Delphi's remaining assets through New Delphi and certain excluded assets and liabilities have been retained by a Delphi entity to be sold or liquidated. In October 2009, we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the agreement, as more fully described in Note 5 to our consolidated financial statements. Refer to the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations — Specific Management Initiatives — Resolution of Delphi Matters" for a description of the terms of the DMDA and related agreements.

Employees

At December 31, 2010 we employed 202,000 employees, of whom 135,000 (67%) were hourly employees and 67,000 (33%) were salaried employees. The following table summarizes worldwide employment (in thousands):

	Successor		Predecessor
	December 31, 2010	December 31, 2009	December 31, 2008
GMNA (a)	96	103	118
GME (b)	40	50	54
GMIO (c)	32	34	38
GMSA	31	28	32
GM Financial	3	—	—
Total Worldwide	202	215	242
U.S. — Salaried	28	26	30
U.S. — Hourly	49	51	62

(a) Decrease in GMNA primarily relates to restructuring initiatives in the years ended December 31, 2010 and 2009.

(b) Decrease in GME primarily relates to the sale of Saab, employees located within Russia and Uzbekistan transferred from our GME segment to our GMIO segment and restructuring initiatives in Belgium, Germany, Spain and the United Kingdom in the year ended December 31, 2010.

(c) GMIO reflects a reduction of 2,400 employees due to the sale of GM India in the year ended December 31, 2010.

At December 31, 2010 49,000 of our U.S. employees (or 64%) were represented by unions, of which 48,000 employees were represented by the UAW. Many of our employees outside the U.S. were represented by various unions. At December 31, 2010, we had 400,000 U.S. hourly and 120,000 U.S. salaried retirees, surviving spouses and deferred vested participants.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Executive Officers of the Registrant

The names and ages as of February 28, 2011 of our executive officers, and their positions and offices with General Motors are as follows:

Name and (Age)	Positions and Offices
Daniel F. Akerson (62)	Chairman and Chief Executive Officer
Stephen J. Girsky (48)	Vice Chairman, Corporate Strategy, Business Development, Global Product Planning, and Global Purchasing and Supply Chain
Christopher P. Liddell (52)	Vice Chairman and Chief Financial Officer
Thomas G. Stephens (62)	Vice Chairman and Global Chief Technology Officer
Jaime Ardila (55)	GM Vice President & President, South America
Timothy E. Lee (60)	GM Vice President & President, International Operations
David N. Reilly (61)	GM Vice President & President, Europe
Mark L. Reuss (47)	GM Vice President & President, North America
Mary T. Barra (49)	GM Senior Vice President, Global Product Development
Michael P. Millikin (62)	GM Senior Vice President and General Counsel
Daniel Ammann (38)	GM Vice President, Finance and Treasurer
Selim Bingol (50)	GM Vice President, Global Communications
Nicholas S. Cyprus (57)	GM Vice President, Controller and Chief Accounting Officer
Joel Ewanick (50)	GM Vice President and Global Chief Marketing Officer
Terry S. Kline (49)	GM Vice President, Information Technology and Chief Information Officer

There are no family relationships, as defined in Item 401 of Regulation S-K, between any of the officers named above, and there is no arrangement or understanding between any of the officers named above and any other person pursuant to which he or she was selected as an officer. Each of the officers named above was elected by the Board of Directors or a committee of the Board to hold office until the next annual election of officers and until his or her successor is elected and qualified or until his or her earlier resignation or removal. The Board of Directors elects the officers immediately following each annual meeting of the stockholders and may appoint other officers between annual meetings.

Daniel F. Akerson was named Chief Executive Officer in September 2010 and Chairman in January 2011. He had been a member of our Board of Directors since July 2009 and served on the Finance and Risk Policy (Chair) and Audit Committees. Before joining GM, he was Managing Director and Head of Global Buyout of The Carlyle Group from July 2009 until August 2010 and Managing Director and Co-Head of the U.S. Buyout Fund from 2003 to 2009. Mr. Akerson previously served as Chairman and Chief Executive Officer of XO Communications, Inc. from 1999 to January 2003, Chairman of Nextel Communications from 1996 to 2001, and Chairman and Chief Executive Officer from 1996 to 1999.

Stephen J. Girsky was named Vice Chairman of Corporate Strategy, Business Development, Global Product Planning, and Global Purchasing and Supply Chain in February 2011. He had been Vice Chairman of Corporate Strategy and Business Development since March 2010. He had been a member of our Board of Directors since July 2009 and served on the Finance and Risk Policy and Public Policy Committees. Prior to joining GM, he served as Senior Advisor to the Office of the Chairman of our company from December 2009 to February 2010 and President of S. J. Girsky & Company an advisory firm, from January 2009 to March 1, 2010. From November 2008 to June 2009, Mr. Girsky was an advisor to the UAW. He served as President of Centerbridge Industrial Partners, LLC, an affiliate of Centerbridge Partners, L.P., a private investment firm, from 2006 to 2009. Prior to joining Centerbridge, Mr. Girsky was a special advisor to the Chief Executive Officer and the Chief Financial Officer of Old GM from 2005 to June 2006. Mr. Girsky also served as lead director of Dana Holding Corporation (2008 to 2009). He has been a member of the Supervisory Board of Adam Opel GmbH since January 2010.

Christopher P. Liddell joined GM as Vice Chairman and Chief Financial Officer in January 2010 and leads our financial and accounting operations on a global basis. Before joining GM, Liddell was CFO for Microsoft Corporation from May 2005 until December 2009, where he was responsible for leading their worldwide finance organization. Mr. Liddell had previously served as CFO at International Paper Company.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Thomas G. Stephens was named Vice Chairman and Global Chief Technology Officer in January 2011. He had been associated with Old GM since 1969. Mr. Stephens had been Vice Chairman, Global Product Operations since December 2009, Vice Chairman, Global Product Development from July 2009 to December 2009 and Vice Chairman, Global Product Development for Old GM since April 2009. In January 2007, Mr. Stephens was appointed Group Vice President Global Powertrain and Global Quality and became Executive Vice President in March 2008. He was named Group Vice President for Global Powertrain in July 2001.

Jaime Ardila was named GM Vice President & President, South America, effective July 2010. He had been associated with Old GM since 1984. He had served as President and Managing Director of GM Mercosur since November 2007, with responsibility for operations in Brazil, Argentina, Uruguay, Paraguay, Chile, Bolivia, and Peru. Prior to this position, he was Vice President and Chief Financial Officer of GM Latin America, Africa and Middle East since March 2003.

Timothy E. Lee was named GM Vice President & President, International Operations in December 2009. He had been associated with Old GM since 1969. He had been Group Vice President, Global Manufacturing and Labor since October 2009. He was named GM North America Vice President, Manufacturing in January 2006. Mr. Lee became Vice President of Manufacturing of GM Europe, in 2002.

David N. Reilly was named GM Vice President & President, Europe in December 2009. He had been associated with Old GM since 1975. He had been Executive Vice President, GM International Operations since August 2009. He was appointed Group Vice President and President of GM Asia Pacific in July 2006 and had previously been President and Chief Executive Officer of GM Daewoo after leading our transition team in the formation of GM Daewoo beginning in January 2002. Mr. Reilly served as Vice President for Sales, Marketing, and Aftersales of GM Europe beginning in August 2001.

In December 2006 Mr. Reilly was charged with regard to certain alleged violations of South Korean labor laws. The criminal charges are based on the alleged illegal engagement of certain workers employed by an outsourcing agency in production activities at GM Daewoo, in which we own a majority interest. The charges were filed against Mr. Reilly in his capacity as the most senior GM executive in South Korea and the company's Representative Director, who under South Korean law is the most senior member of management of a stock corporation, and is the person typically named as the individual respondent or defendant in any legal action brought against such company. These charges constitute a criminal offense under the laws of South Korea but would not constitute a criminal offense in the United States. Mr. Reilly filed a formal request for trial to defend against the charges and was acquitted on February 19, 2009. This judgment was subsequently overturned on December 23, 2010, and is currently under appeal.

Mark L. Reuss was named GM Vice President & President, North America in December 2009. He had been associated with Old GM since 1983. Before this appointment, he served briefly as Vice President of Engineering. He managed our operations in Australia and New Zealand as the President and Managing Director of GM Holden, Ltd., from February 2008 until July 2009. In October 2005, Reuss was appointed Executive Director of North America vehicle systems and architecture, and the following year, he was named Executive Director of global vehicle integration, safety, and virtual development. In June 2001 he was named Executive Director, Architecture Engineering and GM Performance Division.

Mary T. Barra was named GM Senior Vice President, Global Product Development in February 2011. She had been Vice President, Global Human Resources from July 2009 to December 2010 and associated with Old GM since 1980. Prior to this appointment she had been Vice President, Global Manufacturing Engineering since February 2008. She had been Executive Director, Vehicle Manufacturing Engineering since January 2005, with global responsibility for General Assembly; Controls, Conveyors, Robotics and Welding; Paint and Polymer, and Advanced Vehicle Development Centers; and Industrial Engineering, Global Manufacturing System Implementation, and Pre-Production Operations.

Michael P. Millikin was appointed GM Senior Vice President and General Counsel in February 2011, with overall global responsibility for the legal affairs of GM. He had been Vice President and General Counsel from July 2009 to January 2011 and associated with Old GM since 1977. Mr. Millikin was appointed Assistant General Counsel in June 2001 and became Associate General Counsel in June 2005. He is a member of the Board of Directors of GM Daewoo and the Supervisory Board of Adam Opel GmbH.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Daniel Ammann was named GM Vice President, Finance and Treasurer of General Motors Company in April 2010. Before joining GM, he was Managing Director and Head of Industrial Investment Banking for Morgan Stanley, a position he held since 2004. During his 11 years at Morgan Stanley, he was instrumental in many high profile assignments spanning a variety of technology, service, and manufacturing clients.

Selim Bingol was appointed GM Vice President, Global Communications in March 2010, with overall responsibility for our global communications. Most recently, he served as Senior Vice President and senior partner with Fleishman-Hillard, where he specialized as a senior communications strategist to large international clients across diverse industries. He was Senior Vice President-Corporate Communications at AT&T Corporation from December 2004 until August 2007.

Nicholas S. Cyprus was named GM Vice President, Controller and Chief Accounting Officer in August 2009. He had been associated with Old GM since December 2006, when he became Controller and Chief Accounting Officer. Prior to joining Old GM, he was Senior Vice President, Controller and Chief Accounting Officer for the Interpublic Group of Companies from May 2004 to March 2006. From 1999 to 2004, Mr. Cyprus was Vice President, Controller and Chief Accounting Officer at AT&T Corporation.

Joel Ewanick was named Global Chief Marketing Officer in December 2010 and became GM Vice President in February 2011. Working in close collaboration with the regional presidents, he has responsibility for our brands globally, ensuring consistent representation for all brands. He had served as Vice President U.S. Marketing since joining GM in May, 2010. He previously served as Vice President of Marketing for Hyundai Motor America since February 2007. Prior to Hyundai Mr. Ewanick had been Director of Brand Planning for The Richards Group since June 2004.

Terry S. Kline was named GM Vice President, Information Technology and Chief Information Officer in October 2009. He had been associated with Old GM since December 2000. Previously Mr. Kline was the Global Product Development Process Information Officer and was responsible for coordinating product development process re-engineering activities and the implementation of associated information systems across our business sectors. From December 2004 until December 2007, he served as the Chief Information Officer for GM Asia Pacific.

Segment Reporting Data

Operating segment data and principal geographic area data for the year ended December 31, 2010 (Successor); July 10, 2009 through December 31, 2009 (Successor); January 1, 2009 through July 9, 2009 (Predecessor); and the year ended December 31, 2008 (Predecessor) are summarized in Note 35 to our consolidated financial statements.

Website Access to Our Reports

Our internet website address is www.gm.com.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (Exchange Act) are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC.

In addition to the information about us and our subsidiaries contained in this Form 10-K, information about us can be found on our website, including information on our corporate governance principals. Our website, and information included in or linked to our website are not part of this 2010 Form 10-K. The public may read and copy the materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549.

The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, the SEC maintains an internet site that contains reports, proxy and information statements, and other information. The address of the SEC's website is www.sec.gov.

* * * * * * *

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 1A. Risk Factors

We face a number of significant risks and uncertainties in connection with our operations. Our business, results of operations and financial condition could be materially adversely affected by the factors described below. While we describe each risk separately, some of these risks are interrelated and certain risks could trigger the applicability of other risks described below.

Our business is highly dependent on sales volume. Global vehicle sales have declined significantly from their peak levels, and there is no assurance that the global automobile market will recover in the near future or that it will not suffer a significant further downturn.

Our business and financial results are highly sensitive to sales volume, as demonstrated by the effect of sharp declines in vehicle sales on our and Old GM's business in the U.S. since 2007 and globally since 2008. Vehicle sales in the U.S. have fallen significantly on an annualized basis since their peak in 2007, and sales globally have shown steep declines on an annualized basis since their peak in January 2008. Many of the economic and market conditions that drove the drop in vehicle sales, including declines in real estate values, unemployment, tightened credit markets, depressed consumer confidence and weak housing markets, continue to affect sales. Recent concerns over levels of sovereign indebtedness have contributed to a renewed tightening of credit markets in some of the markets in which we do business. Although vehicle sales began to recover in certain of our markets in the three months ended December 31, 2009 and the recovery has continued through December 31, 2010, the recovery in vehicle sales in certain of our markets, including North America, has been proceeding slowly and there is no assurance that this recovery in vehicle sales will continue or spread across all our markets. Further, sales volumes may again decline severely or take longer to recover than we expect, and if they do, our results of operations and financial condition will be materially adversely affected.

Our ability to change public perception of our company and products is essential to our ability to attract a sufficient number of consumers to consider our vehicles, particularly our new products, which is critical to our ability to achieve long-term profitability.

Our ability to achieve long-term profitability depends on our ability to entice consumers to consider our products when purchasing a new vehicle. The automotive industry, particularly in the U.S., is very competitive, and our competitors have been very successful in persuading customers that previously purchased our products to purchase their vehicles instead as is reflected by our loss of market share over the past three years. We believe that this is due, in part, to a negative public perception of our products in relation to those of some of our competitors. Changing this perception, including with respect to the fuel efficiency of our products, as well as the perception of our company in light of Old GM's bankruptcy and our status as a recipient of aid under the Troubled Asset Relief Program (TARP), will be critical to our long-term profitability. If we are unable to change public perception of our company and products, especially our new products, including cars and crossovers, our results of operations and financial condition could be materially adversely affected.

Shortages of and volatility in the price of oil have caused and may have a material adverse effect on our business due to shifts in consumer vehicle demand.

Volatile oil prices in 2008 and 2009 contributed to weaker demand for some of Old GM's and our higher margin vehicles, especially our fullsize sport utility vehicles, as consumer demand shifted to smaller, more fuel-efficient vehicles, which provide lower profit margins and in recent years represented a smaller proportion of Old GM's and our sales volume in North America. Fullsize pick-up trucks, which are generally less fuel efficient than smaller vehicles, represented a higher percentage of Old GM's and our North American sales during 2008 and 2009 compared to the total industry average percentage of fullsize pick-up truck sales in those periods. Demand for traditional sport utility vehicles and vans also declined during the same periods. Any increases in the price of oil in the U.S. or in our other markets or any sustained shortage of oil, including as a result of political instability in the Middle East and African nations, could weaken the demand for such vehicles, which could reduce our market share in affected markets, decrease profitability, and have a material adverse effect on our business.

The pace of introduction and market acceptance of new vehicles is important to our success, and the frequency of new vehicle introductions and vehicle improvements may be materially adversely affected by reductions in capital expenditures.

Our competitors have introduced new and improved vehicle models designed to meet consumer expectations and will continue to do so. Our profit margins, sales volumes, and market shares may decrease if we are unable to produce models that compare favorably

Table of Contents

to these competing models. If we are unable to produce new and improved vehicle models on a basis competitive with the models introduced by our competitors, including models of smaller vehicles, demand for our vehicles may be materially adversely affected. Further, the pace of our development and introduction of new and improved vehicles depends on our ability to implement successfully improved technological innovations in design, engineering, and manufacturing, which requires extensive capital investment. Any capital expenditure cuts in these areas that were made in the past or that we may determine to implement in the future to reduce costs and conserve cash could reduce our ability to develop and implement improved technological innovations going forward, which may materially reduce demand for our vehicles.

Our future competitiveness and ability to achieve long-term profitability depends on our ability to control our costs, which requires us to successfully implement restructuring initiatives throughout our automotive operations.

We are continuing to implement a number of cost reduction and productivity improvement initiatives in our automotive operations, including labor modifications and substantial restructuring initiatives for our European operations. Our future competitiveness depends upon our continued success in implementing these restructuring initiatives throughout our automotive operations, especially in North America and Europe. While some of the elements of cost reduction are within our control, others such as interest rates or return on investments, which influence our expense for pensions, depend more on external factors, and there can be no assurance that such external factors will not materially adversely affect our ability to reduce our structural costs. Reducing costs may prove difficult due to our focus on increasing advertising and our belief that engineering expenses necessary to improve the performance, safety, and customer satisfaction of our vehicles are likely to increase.

Failure of our suppliers, due to difficult economic conditions affecting our industry, to provide us with the systems, components, and parts that we need to manufacture our automotive products and operate our business could result in a disruption in our operations and have a material adverse effect on our business.

We rely on many suppliers to provide us with the systems, components, and parts that we need to manufacture our automotive products and operate our business. In recent years a number of these suppliers have experienced severe financial difficulties and solvency problems, and some have sought relief under the Bankruptcy Code or similar reorganization laws. This trend intensified in 2009 due to the combination of general economic weakness, sharply declining vehicle sales, and tightened credit availability that has affected the automotive industry generally. Suppliers may encounter difficulties in obtaining credit or may receive an opinion from their independent public accountants regarding their financial statements that includes a statement expressing substantial doubt about their ability to continue as a going concern, which could trigger defaults under their financings or other agreements or impede their ability to raise new funds.

When comparable situations have occurred in the past, suppliers have attempted to increase their prices, pass through increased costs, alter payment terms, or seek other relief. In instances where suppliers have not been able to generate sufficient additional revenues or obtain the additional financing they need to continue their operations, either through private sources or government funding, which may not be available, some have been forced to reduce their output, shut down their operations, or file for bankruptcy protection. Such actions would likely increase our costs, create challenges to meeting our quality objectives, and in some cases make it difficult for us to continue production of certain vehicles. To the extent we take steps in such cases to help key suppliers remain in business, our liquidity would be adversely affected. It may also be difficult to find a replacement for certain suppliers without significant delay.

Increase in cost, disruption of supply, or shortage of raw materials could materially harm our business.

We use various raw materials in our business including steel, non-ferrous metals such as aluminum and copper, and precious metals such as platinum and palladium. The prices for these raw materials fluctuate depending on market conditions. In recent years, freight charges and raw material costs increased. Substantial increases in the prices for our raw materials increase our operating costs and could reduce our profitability if we cannot recoup the increased costs through increased vehicle prices. Some of these raw materials, such as corrosion-resistant steel, are only available from a limited number of suppliers. We cannot guarantee that we will be able to

Table of Contents

maintain favorable arrangements and relationships with these suppliers. An increase in the cost or a sustained interruption in the supply or shortage of some of these raw materials, which may be caused by a deterioration of our relationships with suppliers or by events such as labor strikes, could negatively affect our net revenues and profitability to a material extent.

We operate in a highly competitive industry that has excess manufacturing capacity and attempts by our competitors to sell more vehicles could have a significant negative effect on our vehicle pricing, market share, and operating results.

The global automotive industry is highly competitive, and overall manufacturing capacity in the industry exceeds demand. Many manufacturers have relatively high fixed labor costs as well as significant limitations on their ability to close facilities and reduce fixed costs. Our competitors may respond to these relatively high fixed costs by attempting to sell more vehicles by adding vehicle enhancements, providing subsidized financing or leasing programs, offering option package discounts or other marketing incentives, or reducing vehicle prices in certain markets. Manufacturers in lower cost countries such as China and India have emerged as competitors in key emerging markets and announced their intention of exporting their products to established markets as a bargain alternative to entry-level automobiles. These actions have had, and are expected to continue to have, a significant negative effect on our vehicle pricing, market share, and operating results, and present a significant risk to our ability to enhance our revenue per vehicle.

Our competitors may be able to benefit from the cost savings offered by industry consolidation or alliances.

Designing, manufacturing and selling vehicles is capital intensive and requires substantial investments in manufacturing, machinery, research and development, product design, engineering, technology and marketing in order to meet both consumer preferences and regulatory requirements. Large OEMs are able to benefit from economies of scale by leveraging their investments and activities on a global basis across brands and nameplates. If our competitors consolidate or enter into other strategic agreements such as alliances, they may be able to take better advantage of these economies of scale. We believe that competitors may be able to benefit from the cost savings offered by consolidation or alliances, which could adversely affect our competitiveness with respect to those competitors. Competitors could use consolidation or alliances as a means of enhancing their competitiveness or liquidity position, which could also materially adversely affect our business.

Our business plan and other obligations require substantial liquidity, and inadequate cash flow could materially adversely affect our financial condition and future business operations.

We will require substantial liquidity to support our business plan and meet other funding requirements. We expect total engineering and capital spending of $15.0 billion in 2011 as we continue to refresh and broaden our product portfolio, increase our sales, and develop advanced technologies, with continued substantial expenditures on engineering and capital spending in subsequent years. At December 31, 2010 we have debt maturities and capital lease obligations of $9.9 billion through 2015, which include GM Financial. We also anticipate continued expenditures to implement long-term cost savings and restructuring plans, including our Opel/Vauxhall restructuring plan. In addition to the foregoing liquidity needs, we also have minimum liquidity covenants in our secured revolving credit facility, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" for a further discussion of these liquidity requirements.

If our liquidity levels approach the minimum liquidity levels necessary to support our normal business operations, we may be forced to raise additional capital on terms that may not be favorable, curtail engineering and capital spending, and reduce research and development and other programs that are important to the future success of our business. A reduction in engineering and capital and research and development spending would negatively affect our ability to meet planned product launches and to refresh our product line-up at the pace contemplated in our business plan. If this were to happen, our future revenue and profitability could be negatively affected.

Although we believe we possess sufficient liquidity to operate our business, our ability to maintain adequate liquidity over the long-term will depend significantly on the volume, mix and quality of our vehicle sales and our ability to minimize operating expenses. Our liquidity needs are sensitive to changes in each of these and other factors.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

As part of our business plan, we have reduced compensation for our most highly paid executives and have reduced the number of our management and non-management salaried employees, and these actions may materially adversely affect our ability to hire and retain salaried employees.

As part of the cost reduction initiatives in our business plan, and pursuant to the direction of the Special Master for TARP Executive Compensation (the Special Master), the form and timing of the compensation for our most highly paid executives is not competitive with that offered by other major corporations. Furthermore, while we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), including the Interim Final Rule implementing Section 111 (the Interim Final Rule), will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) us ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us. The effect of Section 111 of EESA, the Interim Final Rule and the covenants is to restrict the compensation that we can provide to our top executives and prohibit certain types of compensation or benefits for any employees. At the same time, we have substantially decreased the number of salaried employees so that the workload is shared among fewer employees and in general the demands on each salaried employee are increased. Companies in similar situations have experienced significant difficulties in hiring and retaining highly skilled employees, particularly in competitive specialties. Given our compensation structure and increasing job demands, there is no assurance that we will continue to be able to hire and retain the employees whose expertise is required to execute our business plan while at the same time developing and producing vehicles that will stimulate demand for our products.

Our plan to reduce the number of our retail channels and brands and to consolidate our dealer network may reduce our total sales volume and our market share and not result in the cost savings we anticipate.

As part of our business plan we will focus our resources in the U.S. on four brands: Chevrolet, Cadillac, Buick and GMC. We completed the sale of Saab in February 2010 and Saab GB in May 2010, and have completed the wind down of our Pontiac, Saturn and HUMMER brands. We have recently completed the federal arbitration process concerning dealer reinstatement and at December 31, 2010 we have reduced the total number of our U.S. dealerships to 4,500. We anticipate that this reduction in retail outlets, brands, and dealers will result in cost savings over time, but there is no assurance that we will realize all the savings expected. We also anticipate our sales volume and market share will increase over time, but it is also possible that our market share could decline in the short-term and beyond because of these reductions in brands and dealers which may adversely affect our results of operations.

Our business plan contemplates that we restructure our operations in various European countries, but we may not succeed in doing so, and our failure to restructure these operations in a cost-effective and non-disruptive manner could have a material adverse effect on our business and results of operations.

Our business plan contemplates that we restructure our operations in various European countries, and we are actively working to accomplish this. Restructurings, whether or not ultimately successful, can involve significant expense and disruption to the business as well as labor disruptions, which can adversely affect the business. The restructuring of our European operations will require us to invest additional funds and require significant management attention. In September 2010 we committed up to $4.2 billion through an intercompany facility and equity commitments to fund this restructuring and Opel/Vauxhall's ongoing cash requirements. We cannot assure you that any of our contemplated restructurings will be completed or achieve the desired results, and if we cannot successfully complete such restructurings, we may choose to, or the directors of the relevant entity may be compelled to, or creditors may force us to, seek relief for our various European operations under applicable local bankruptcy, reorganization, insolvency, or similar laws, where we may lose control over the outcome of the restructuring process due to the appointment of a local receiver, trustee, or administrator (or similar official) or otherwise and which could result in a liquidation and us losing all or a substantial part of our interest in the business.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our U.S. defined benefit pension plans are currently underfunded, and our pension funding obligations could increase significantly due to a reduction in funded status as a result of a variety of factors, including weak performance of financial markets, declining interest rates, investment decisions that do not achieve adequate returns, and investment risk inherent in our investment portfolio.

Our future funding obligations for our U.S. defined benefit pension plans qualified with the Internal Revenue Service (IRS) depend upon the future performance of assets placed in trusts for these plans, the level of interest rates used to determine funding levels, the level of benefits provided for by the plans and any changes in government laws and regulations. Our employee benefit plans currently hold a significant amount of equity and fixed income securities. A detailed description of the investment funds and strategies is shown in Note 20 to our consolidated financial statements, which also describes significant concentrations of risk to the plan investments. Due to Old GM's contributions to the plans and to the strong performance of these assets during prior periods, the U.S. hourly and salaried pension plans were consistently overfunded from 2005 through 2007, which allowed Old GM to maintain a surplus without making additional contributions to the plans. However, the funded status subsequently deteriorated due to a combination of factors. Adverse equity and credit markets reduced the market value of plan assets, while the present value of pension liabilities rose significantly in response to declines in the discount rate, the effect of separation programs and increases in the level of pension benefits and number of beneficiaries. This increase in beneficiaries was partially due to the inclusion of certain Delphi hourly employees. As a result of these adverse factors, our U.S. defined benefit pension plans were underfunded on a U.S. GAAP basis by $12.4 billion at December 31, 2010.

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. In the U.S., in the year ended December 31, 2010 interest rates on high quality corporate bonds decreased.

The next pension funding valuation to be prepared based on the requirements of the PPA will be as of October 1, 2010. In December 2010 we made a $4.0 billion cash contribution to our U.S. hourly and salaried pension plans and in January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011. A hypothetical funding valuation at December 31, 2010, using the 3-Segment rate at May 31, 2010 for the funding valuation of the plan year beginning October 1, 2010 and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion and $1.2 billion in 2015 and 2016. Our potential funding requirements are described in "Management's Discussion and Analysis of Financial Condition and Results of Operations — Contractual Obligations and Other Long-Term Liabilities."

If the total values of the assets held by our pension plans decline and/or the returns on such assets underperform our return assumptions, our pension expenses would generally increase and could materially adversely affect our financial position. Changes in interest rates that are not offset by contributions, asset returns and/or hedging activities could also increase our obligations under such plans. If local legal authorities increase the minimum funding requirements for our pension plans outside the U.S., we could be required to contribute more funds, which would negatively affect our cash flow. At December 31, 2010 our non-U.S. defined benefit pension plans were underfunded on a U.S. GAAP basis by $9.8 billion.

Due to the complexity and magnitude of our investments, additional risks exist. Examples include significant changes in investment policy, insufficient market capacity to complete a particular investment strategy, and an inherent divergence in objectives between the ability to manage risk in the short term and inability to quickly rebalance illiquid and long-term investments.

If we are unable to meet our required funding obligations for our U.S. pension plans under the terms imposed by regulators at a given point in time, we would need to request a funding waiver from the IRS. If the waiver were granted, we would have the opportunity to make up the missed funding, with interest to the plan. Additional periods of missed funding could further reduce the plans' funded status, resulting in limitations on plan amendments and lump sum payouts from the plans. Continued deterioration in the plans' funded status could result in benefit accrual elimination. These actions could materially adversely affect our relations with our employees and their labor unions.

Table of Contents

If adequate financing on acceptable terms is not available through Ally Financial or other sources to our customers and dealers, distributors, and suppliers to enable them to continue their business relationships with us, our business could be materially adversely affected.

Our customers and dealers require financing to purchase a significant percentage of our global vehicle sales. Historically, Ally Financial has provided most of the financing for our and Old GM's dealers and a significant amount of financing for our and Old GM's customers. Due to recent conditions in credit markets, particularly later in 2008, retail customers and dealers experienced severe difficulty in accessing the credit markets. As a result the number of vehicles sold or leased declined rapidly in the second half of 2008, with lease contract volume dropping significantly by the end of 2008. This had a significant adverse effect on Old GM vehicle sales overall because many of its competitors had captive financing subsidiaries that were better capitalized than Ally Financial during 2008 and 2009 and thus were able to offer consumers subsidized financing and leasing offers.

Similarly, the reduced availability of Ally Financial wholesale dealer financing (in the second half of 2008 and 2009), the increased cost of such financing, and the limited availability of other sources of dealer financing due to the general weakness of the credit market has caused and may continue to cause dealers to modify their plans to purchase vehicles from us.

Because of recent modifications to our commercial agreements with Ally Financial, Ally Financial no longer is subject to contractual wholesale funding commitments or retail underwriting targets. In addition, Ally Financial's credit rating has declined in recent years. This may negatively affect its access to funding and therefore its ability to provide adequate financing at competitive rates to our customers and dealers. A number of other factors could negatively affect Ally Financial's business and financial condition and therefore its ability to provide adequate financing at competitive rates. These factors include regulations to which Ally Financial is subject as a result of its bank holding company status, disruptions in Ally Financial's funding sources and access to credit markets, Ally Financial's significant indebtedness, adverse conditions in the residential mortgage market and housing markets that have adversely affected Ally Financial because of its mortgage business, increases or decreases in interest rates, changes in currency exchange rates and fluctuations in valuations of investment securities held by Ally Financial.

Our failure to successfully develop our own captive financing unit, including through GM Financial, could leave us at a disadvantage to our competitors that have their own captive financing subsidiaries and that therefore may be able to offer consumers and dealers financing and leasing on better terms than our customers and dealers are able to obtain.

Many of our competitors operate and control their own captive financing subsidiaries. If any of our competitors with captive financing subsidiaries are able to continue to offer consumers and dealers financing and leasing on better terms than our customers and dealers are able to obtain, consumers may be more inclined to purchase our competitors' vehicles and our competitors' dealers may be better able to stock our competitors' products.

On October 1, 2010 we completed our acquisition of AmeriCredit, which we subsequently renamed General Motors Financial Company, Inc. through which we offer leasing and sub-prime financing for our customers. Our failure to successfully develop our own captive financing unit, including through GM Financial, could result in our loss of customers to our competitors with their own captive financing subsidiaries and could adversely affect our dealers' ability to stock our vehicles if they are not able to obtain necessary financing at competitive rates from other sources.

We intend to rely on our new captive financing unit, GM Financial, to support additional consumer leasing of our vehicles and additional sales of our vehicles to consumers requiring sub-prime vehicle financing, and GM Financial faces a number of business, economic and financial risks that could impair its access to capital and negatively affect its business and operations and its ability to provide leasing and sub-prime financing options to consumers to support additional sales of our vehicles.

GM Financial is subject to various risks that could negatively affect its business, operations and access to capital and therefore its ability to provide leasing and sub-prime financing options at competitive rates to consumers of our vehicles. Because we intend to rely on GM Financial to serve as an additional source of leasing and sub-prime financing options for consumers, any impairment of GM Financial's ability to provide such leasing or sub-prime financing would negatively affect our efforts to expand our market penetration

Table of Contents

among consumers who rely on leasing and sub-prime financing options to acquire new vehicles. The factors that could adversely affect GM Financial's business and operations and impair its ability to provide leasing and sub-prime financing at competitive rates include:

- The availability of borrowings under its credit facilities to finance its loan and lease origination activities pending securitization;
- Its ability to transfer loan receivables to securitization trusts and sell securities in the asset-backed securities market to generate cash proceeds to repay its credit facilities and purchase additional loan receivables;
- The performance of loans in its portfolio, which could be materially affected by delinquencies, defaults or prepayments;
- Its ability to implement its strategy with respect to desired loan origination volume and effective use of credit risk management techniques and servicing strategies;
- Its ability to effectively manage risks relating to sub-prime automobile receivables;
- Wholesale auction values of used vehicles; and
- Fluctuations in interest rates.

The above factors, alone or in combination, could negatively affect GM Financial's business and operations and its ability to provide leasing and sub-prime financing options to consumers to support additional sales of our vehicles.

The UST (or its designee) owns a substantial interest in us, and its interests may differ from those of our other stockholders.

The UST owns 32.0% of our outstanding shares of common stock as of February 15, 2011. As a result of this stock ownership interest, the UST has the ability to exert significant influence, through its power to vote for the election of our directors, over various matters. To the extent the UST elects to exert such significant influence over us, its interests (as a government entity) may differ from those of our other stockholders and it may influence, through its ability to vote for the election of our directors, matters including:

- The selection, tenure and compensation of our management;
- Our business strategy and product offerings;
- Our relationship with our employees, unions and other constituencies; and
- Our financing activities, including the issuance of debt and equity securities.

In particular, the UST may have a greater interest in promoting U.S. economic growth and jobs than other stockholders of the Company. For example, while we have repaid in full our indebtedness under the UST Credit Agreement, a covenant that continues to apply until the earlier of December 31, 2014 or the UST has been paid in full the total amount of all UST invested capital requires that we use our commercially reasonable best efforts to ensure, subject to exceptions, that our manufacturing volume in the United States is consistent with specified benchmarks.

In the future we may also become subject to new and additional laws and government regulations regarding various aspects of our business as a result of participation in the TARP program and the U.S. government's ownership in our business. These regulations could make it more difficult for us to compete with other companies that are not subject to similar regulations.

Our secured revolving credit facility as well as the UST Credit Agreement and the Canadian Loan Agreement contain significant covenants that may restrict our ability and the ability of our subsidiaries to take actions management believes are important to our long-term strategy.

Our secured revolving credit facility contains representations, warranties and covenants customary for facilities of its nature, including negative covenants restricting us from incurring liens, consummating mergers or sales of assets and incurring secured

Table of Contents

indebtedness, and restricting us from making certain payments, in each case, subject to exceptions and limitations. Availability under the secured revolving credit facility is subject to borrowing base limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the EESA, including the Interim Final Rule, will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) us ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us. The effect of Section 111 of EESA, the Interim Final Rule and the covenants is to restrict the compensation that we can provide to our top executives and prohibit certain types of compensation or benefits for any employees. Similarly, covenants in our wholly-owned subsidiary GMCL's Canadian Loan Agreement with the EDC limit compensation and benefits for Canadian employees.

The UST Credit Agreement contains a covenant requiring us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the United States is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use commercially reasonable best efforts to ensure that the volume of United States manufacturing is the minimum variance from the projected manufacturing level that is consistent with good business judgment and the intent of the commitment. This covenant survives our repayment of the UST Loans and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial Preferred Membership Interests previously held by Old GM in May 2009. At December 31, 2010 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, the Series A Preferred Stock redemption and proceeds from the sale of common stock. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants. Compliance with the manufacturing volume covenant could require us to increase production volumes in our U.S. plants, shift production from low-cost locations to the U.S. or refrain from shifting production from U.S. plants to low-cost locations.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the North American Free Trade Agreement (NAFTA) region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), there is an undertaking that the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Compliance with the covenants contained in our secured revolving credit facility as well as the surviving provisions of the UST Credit Agreement and the Canadian Loan Agreement could restrict our ability to take actions that management believes are important to our

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

long-term strategy. If strategic transactions we wish to undertake are prohibited, our ability to execute our long-term strategy could be materially adversely affected. Furthermore, monitoring and certifying our compliance with the surviving provisions of the UST Credit Agreement and the Canadian Loan Agreement requires a high level of expense and management attention on a continuing basis.

Our planned investment in new technology in the future is significant and may not be funded at anticipated levels and, even if funded at anticipated levels, may not result in successful vehicle applications.

We intend to invest significant capital resources to support our products and to develop new technology. In addition, we plan to invest heavily in alternative fuel and advanced propulsion technologies between 2011 and 2012, largely to support our planned expansion of hybrid and electric vehicles, consistent with our announced objective of being recognized as the industry leader in fuel efficiency. Moreover, if our future operations do not provide us with the liquidity we anticipate, we may be forced to reduce, delay, or cancel our planned investments in new technology.

In some cases the technologies that we plan to employ, such as hydrogen fuel cells and advanced battery technology, are not yet commercially practical and depend on significant future technological advances by us and by suppliers. For example, in November 2010 we began producing the Chevrolet Volt, an electric car, which requires battery technology that has not yet proven to be commercially viable. There can be no assurance that these advances will occur in a timely or feasible way, that the funds that we have budgeted for these purposes will be adequate, or that we will be able to establish our right to these technologies. However, our competitors and others are pursuing similar technologies and other competing technologies, in some cases with more money available, and there can be no assurance that they will not acquire similar or superior technologies sooner than we do or on an exclusive basis or at a significant price advantage.

New laws, regulations, or policies of governmental organizations regarding increased fuel economy requirements and reduced greenhouse gas emissions, or changes in existing ones, may have a significant effect on how we do business.

We are affected significantly by governmental regulations that can increase costs related to the production of our vehicles and affect our product portfolio. We anticipate that the number and extent of these regulations, and the related costs and changes to our product lineup, will increase significantly in the future. In the U.S. and Europe, for example, governmental regulation is primarily driven by concerns about the environment (including greenhouse gas emissions), vehicle safety, fuel economy, and energy security. These government regulatory requirements could significantly affect our plans for global product development and may result in substantial costs, including civil penalties. They may also result in limits on the types of vehicles we sell and where we sell them, which can affect revenue.

CAFE provisions in the EISA mandate fuel economy standards beginning in the 2011 model year that would increase to at least 35 mpg by 2020 on a combined car and truck fleet basis, a 40% increase over current levels. California is implementing AB 1493 which will require increased fuel economy. This California program has standards currently established for the 2009 model year through the 2016 model year. Fourteen additional states and the Province of Quebec have also adopted the California greenhouse gas standards.

In May 2009 President Obama announced his intention for the federal government to implement a harmonized federal program to regulate fuel economy and greenhouse gases. He directed the EPA and the United States Department of Transportation (DOT) to work together to create standards through a joint rulemaking for control of emissions of greenhouse gases and for fuel economy. In the first phase, these standards would apply to passenger cars, light-duty trucks, and medium-duty passenger vehicles built in model years 2012 through 2016. CARB has agreed that compliance with EPA's greenhouse gas standards will be deemed compliance with the California greenhouse gas standards for the 2012 through 2016 model years. The EPA and the NHTSA, on behalf of DOT, issued their final rule to implement this new federal program in April 2010. We have committed to work with EPA, the NHTSA, the states, and other stakeholders in support of a strong national program to reduce oil consumption and address global climate change.

We are committed to meeting or exceeding these regulatory requirements, and our product plan of record projects compliance with the anticipated federal program through the 2016 model year. We expect that to comply with these standards we will be required to

Table of Contents

sell a significant volume of hybrid or electrically powered vehicles throughout the U.S., as well as implement new technologies for conventional internal combustion engines, all at increased cost levels. There is no assurance that we will be able to produce and sell vehicles that use such technologies on a profitable basis, or that our customers will purchase such vehicles in the quantities necessary for us to comply with these regulatory programs.

The EU passed legislation, effective in April 2009 to begin regulating vehicle CO_2 emissions beginning in 2012. The legislation sets a target of a fleet average of 95 grams per kilometer for 2020, with the requirements for each manufacturer based on the weight of the vehicles it sells. Additional measures have been proposed or adopted in Europe to regulate features such as tire rolling resistance, vehicle air conditioners, tire pressure monitors, gear shift indicators, and others. At the national level, 17 EU Member States have adopted some form of fuel consumption or carbon dioxide-based vehicle taxation system, which could result in specific market requirements for us to introduce technology earlier than is required for compliance with the EU emissions standards.

Other governments around the world, such as Canada, South Korea, and China are also creating new policies to address these same issues. As in the U.S., these government policies could significantly affect our plans for product development. Due to these regulations, we could be subject to sizable civil penalties or have to restrict product offerings drastically to remain in compliance. The regulations will result in substantial costs, which could be difficult to pass through to our customers, and could result in limits on the types of vehicles we sell and where we sell them, which could affect our operations, including facility closings, reduced employment, increased costs, and loss of revenue.

A significant amount of our operations are conducted by joint ventures that we cannot operate solely for our benefit.

Many of our operations, particularly in emerging markets, are carried on by joint ventures such as SGM. In joint ventures, we share ownership and management of a company with one or more parties who may not have the same goals, strategies, priorities, or resources as we do. Joint ventures are intended to be operated for the equal benefit of all co-owners, rather than for our exclusive benefit. Operating a business as a joint venture often requires additional organizational formalities as well as time-consuming procedures for sharing information and making decisions. In joint ventures, we are required to pay more attention to our relationship with our co-owners as well as with the joint venture, and if a co-owner changes, our relationship may be materially adversely affected. The benefits from a successful joint venture are shared among the co-owners, so that we do not receive all the benefits from our successful joint ventures.

Our business in China is subject to aggressive competition and is sensitive to economic and market conditions.

Maintaining a strong position in the Chinese market is a key component of our global growth strategy. The automotive market in China is highly competitive, with competition from many of the largest global manufacturers and numerous smaller domestic manufacturers. As the size of the Chinese market continues to increase, we anticipate that additional competitors, both international and domestic, will seek to enter the Chinese market and that existing market participants will act aggressively to increase their market share. Increased competition may result in price reductions, reduced margins and our inability to gain or hold market share. In addition, our business in China is sensitive to economic and market conditions that drive sales volume in China. If we are unable to maintain our position in the Chinese market or if vehicle sales in China decrease or do not continue to increase, our business and financial results could be materially adversely affected.

Restrictions in our labor agreements could limit our ability to pursue or achieve cost savings through restructuring initiatives, and labor strikes, work stoppages, or similar difficulties could significantly disrupt our operations.

Substantially all of the hourly employees in our U.S., Canadian, and European automotive operations are represented by labor unions and are covered by collective bargaining agreements, which usually have a multi-year duration. Many of these agreements include provisions that limit our ability to realize cost savings from restructuring initiatives such as plant closings and reductions in workforce. Our current collective bargaining agreement with the UAW will expire in September 2011, and while the UAW has agreed to a commitment not to strike prior to 2015, any UAW strikes, threats of strikes, or other resistance in the future could materially adversely affect our business as well as impair our ability to implement further measures to reduce costs and improve production

Table of Contents

efficiencies in furtherance of our North American initiatives. A lengthy strike by the UAW that involves all or a significant portion of our manufacturing facilities in the United States would have a material adverse effect on our operations and financial condition, particularly our liquidity.

Despite the formation of our new company, we continue to have indebtedness and other obligations. Our obligations together with our cash needs may require us to seek additional financing, minimize capital expenditures, or seek to refinance some or all of our debt.

Despite the formation of our new company, we continue to have indebtedness and other obligations, including significant liabilities to our underfunded defined benefit pension plans. Our current and future indebtedness and other obligations could have several important consequences. For example, they could:

- Require us to dedicate a larger portion of our cash flow from operations than we currently do to the payment of principal and interest on our indebtedness and other obligations, which will reduce the funds available for other purposes such as product development;
- Make it more difficult for us to satisfy our obligations;
- Make us more vulnerable to adverse economic and industry conditions and adverse developments in our business;
- Limit our ability to withstand competitive pressures;
- Limit our ability to fund working capital, capital expenditures, and other general corporate purposes; and
- Reduce our flexibility in responding to changing business and economic conditions.

Future liquidity needs may require us to seek additional financing or minimize capital expenditures. There is no assurance that either of these alternatives would be available to us on satisfactory terms or on terms that would not require us to renegotiate the terms and conditions of our existing debt agreements.

Our failure to comply with the covenants in the agreements governing our present and future indebtedness could materially adversely affect our financial condition and liquidity.

Several of the agreements governing our indebtedness, including our secured revolving credit facility and other loan facility agreements, contain covenants requiring us to take certain actions and negative covenants restricting our ability to take certain actions. In the past, we have failed to meet certain of these covenants, including by failing to provide financial statements in a timely manner and failing certain financial tests. The Chapter 11 Proceedings and the change in control as a result of the 363 Sale triggered technical defaults in certain loans for which we had assumed the obligations. A breach of any of the covenants in the agreements governing our indebtedness, if uncured, could lead to an event of default under any such agreements, which in some circumstances could give the lender the right to demand that we accelerate repayment of amounts due under the agreement. Therefore, in the event of any such breach, we may need to seek covenant waivers or amendments from the lenders or to seek alternative or additional sources of financing, and we cannot assure you that we would be able to obtain any such waivers or amendments or alternative or additional financing on acceptable terms, if at all. Refer to Note 19 to our consolidated financial statements for additional information on technical defaults and covenant violations. Any covenant breach or event of default could harm our credit rating and our ability to obtain additional financing on acceptable terms. The occurrence of any of these events could have a material adverse effect on our financial condition and liquidity.

The ability of our new executive management team to quickly learn the automotive industry and lead our company will be critical to our ability to succeed, and our business and results of operations could be materially adversely affected if they are unsuccessful.

We have substantially changed our executive management team in the recent past. We have a new Chief Executive Officer who started on September 1, 2010 and a new Chief Financial Officer who started on January 1, 2010, both of whom have no prior outside

Table of Contents

automotive industry experience. We have also promoted from within GM many new senior officers. It is important to our success that the new members of the executive management team quickly understand the automotive industry and that our senior officers quickly adapt and excel in their new senior management roles. If they are unable to do so, and as a result are unable to provide effective guidance and leadership, our business and financial results could be materially adversely affected.

We could be materially adversely affected by changes or imbalances in foreign currency exchange and other rates.

Given the nature and global spread of our business, we have significant exposures to risks related to changes in foreign currency exchange rates, commodity prices, and interest rates, which can have material adverse effects on our business. For example, at times certain of our competitors have derived competitive advantage from relative weakness of the Japanese Yen through pricing advantages for vehicles and parts imported from Japan to markets with more robust currencies like the U.S. and Western Europe. Similarly, a significant strengthening of the Korean Won relative to the U.S. dollar or the Euro would affect the competitiveness of our Korean operations as well as that of certain Korean competitors. As yet another example, a relative weakness of the British Pound compared to the Euro has an adverse effect on our results of operations in Europe. In preparing the consolidated financial statements, we translate our revenues and expenses outside the U.S. into U.S. Dollars using the average foreign currency exchange rate for the period and the assets and liabilities using the foreign currency exchange rate at the balance sheet date. As a result, foreign currency fluctuations and the associated translations could have a material adverse effect on our results of operations.

Our businesses outside the U.S. expose us to additional risks that may materially adversely affect our business.

The majority of our vehicle sales are generated outside the U.S. We are pursuing growth opportunities for our business in a variety of business environments outside the U.S. Operating in a large number of different regions and countries exposes us to political, economic, and other risks as well as multiple foreign regulatory requirements that are subject to change, including:

- Economic downturns in foreign countries or geographic regions where we have significant operations, such as China;
- Economic tensions between governments and changes in international trade and investment policies, including imposing restrictions on the repatriation of dividends, especially between the United States and China;
- Foreign regulations restricting our ability to sell our products in those countries;
- Differing local product preferences and product requirements, including fuel economy, vehicle emissions, and safety;
- Differing labor regulations and union relationships;
- Consequences from changes in tax laws;
- Difficulties in obtaining financing in foreign countries for local operations; and
- Political and economic instability, natural calamities, war, and terrorism.

The effects of these risks may, individually or in the aggregate, materially adversely affect our business.

New laws, regulations, or policies of governmental organizations regarding safety standards, or changes in existing ones, may have a significant negative effect on how we do business.

Our products must satisfy legal safety requirements. Meeting or exceeding government-mandated safety standards is difficult and costly because crashworthiness standards tend to conflict with the need to reduce vehicle weight in order to meet emissions and fuel economy standards. While we are managing our product development and production operations on a global basis to reduce costs and lead times, unique national or regional standards or vehicle rating programs can result in additional costs for product development, testing, and manufacturing. Governments often require the implementation of new requirements during the middle of a product cycle, which can be substantially more expensive than accommodating these requirements during the design of a new product.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The costs and effect on our reputation of product recalls could materially adversely affect our business.

From time to time, we recall our products to address performance, compliance, or safety-related issues. The costs we incur in connection with these recalls typically include the cost of the part being replaced and labor to remove and replace the defective part. In addition, product recalls can harm our reputation and cause us to lose customers, particularly if those recalls cause consumers to question the safety or reliability of our products. Any costs incurred or lost sales caused by future product recalls could materially adversely affect our business. Conversely, not issuing a recall or not issuing a recall on a timely basis can harm our reputation and cause us to lose customers for the same reasons as expressed above.

The sale or availability for sale of substantial amounts of our common stock could cause our common stock price to decline or impair our ability to raise capital.

Sales of a substantial number of shares of our common stock in the public market, or the perception that large sales could occur, or the conversion of shares of our Series B Preferred Stock or the perception that conversion could occur, could depress the market price of our common stock and could impair our ability to raise capital through the sale of equity and equity-related securities. At February 15, 2011 there are 1,560,743,059 shares of common stock issued and outstanding. At February 15, 2011 MLC holds a warrant to acquire 136,363,636 shares of our common stock at an exercise price of $10.00 per share, MLC holds another warrant to acquire 136,363,636 shares of our common stock at an exercise price of $18.33 per share, and the UAW Retiree Medical Benefits Trust (New VEBA) holds a warrant to acquire 45,454,545 shares of our common stock at an exercise price of $42.31 per share. Up to 151,520,000 shares of common stock, subject to anti-dilution, make-whole and other adjustments, will be issuable upon conversion of the shares of Series B Preferred Stock outstanding at February 15, 2011.

Of the 1,560,743,059 outstanding shares of common stock at February 15, 2011, the 549,700,000 shares of common stock sold in the November and December 2010 public offering are freely tradable without restriction or further registration under the Securities Act of 1933, as amended (the Securities Act), unless those shares are held by any of our "affiliates," as that term is defined under Rule 144 of the Securities Act. Following the expiration of the applicable lock-up periods on May 13, 2011, the 950,300,000 outstanding shares of common stock held by the UST, Canada Holdings, the New VEBA and MLC at February 15, 2011 may be eligible for resale under Rule 144 under the Securities Act subject to applicable restrictions under Rule 144. In addition, pursuant to the October 15, 2009 Equity Registration Rights Agreement we entered into with the UST, Canada Holdings, the New VEBA, MLC, and our previous legal entity prior to our October 2009 holding company reorganization (which is now a wholly-owned subsidiary of the Company) (Equity Registration Rights Agreement), we have granted each of the UST, Canada Holdings, the New VEBA and MLC the right to require us in certain circumstances to file registration statements under the Securities Act covering additional resales of our common stock and other equity securities (including the warrants) held by them and the right to participate in other registered offerings in certain circumstances. As restrictions on resale end or if these stockholders exercise their registration rights or otherwise sell their shares, the market price of our common stock could decline.

In particular, the UST, Canada Holdings, the New VEBA and MLC might sell a large number of the shares of our common stock and warrants to acquire our common stock that they hold, or, in the case of the New VEBA and MLC, exercise their warrants and then sell the underlying shares of our common stock. Further, MLC might distribute shares of our common stock and warrants to acquire our common stock that it holds to its numerous creditors and other stakeholders pursuant to a plan of reorganization confirmed by the Bankruptcy Court in the Chapter 11 Proceedings, and those creditors and other stakeholders might resell those shares and warrants. Such sales or distributions of a substantial number of shares of our common stock or warrants could adversely affect the market price of our common stock.

Furthermore, on January 13, 2011 we contributed 60,606,061 shares of our common stock to our U.S. hourly and salaried pension plans. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011. In connection with such contribution, we entered into a Registration Rights Agreement dated January 13, 2011 with sub-trusts established under the U.S. hourly and salaried pension plans (Pension Plan Registration Rights Agreement), whereby we granted the pension plans the right to require us in certain circumstances

Table of Contents

to file registration statements under the Securities Act covering additional resales of those shares of our common stock held by them and the right to participate in other registered offerings in certain circumstances. If the pension plans exercise their registration rights or otherwise sell their shares, the market price of our common stock could decline.

We have no current plans to pay dividends on our common stock, and our ability to pay dividends on our common stock may be limited.

We have no current plans to commence payment of a dividend on our common stock. Our payment of dividends on our common stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors. So long as any share of our Series A Preferred Stock or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. In addition, our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions such as dividends payable solely in shares of our common stock.

Any indentures and other financing agreements that we enter into in the future may limit our ability to pay cash dividends on our capital stock, including our common stock. In the event that any of our indentures or other financing agreements in the future restricts our ability to pay dividends in cash on our common stock, we may be unable to pay dividends in cash on our common stock unless we can refinance the amounts outstanding under those agreements.

In addition, under Delaware law, our Board of Directors may declare dividends on our capital stock only to the extent of our statutory "surplus" (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on our common stock, we may not have sufficient cash to pay dividends in cash on our common stock.

* * * * * * *

Item 1B. Unresolved Staff Comments

None

* * * * * * *

Item 2. Properties

Excluding our automotive financing operations, at December 31, 2010 we had 106 locations in 25 states and 89 cities or towns in the United States excluding dealerships. Of these locations, 40 are manufacturing facilities, of which 11 are engaged in the final assembly of our cars and trucks and other manufacture automotive components and power products. Of the remaining locations, 24 are service parts operations primarily responsible for distribution and warehouse functions, and the remainder are offices or facilities primarily involved in engineering and testing vehicles. Leased properties are primarily composed of warehouses and administration, engineering and sales offices. The leases for warehouses generally provide for an initial period of five to 10 years, based upon prevailing market conditions and may contain renewal options. Leases for administrative offices are generally for shorter periods.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

We have 17 locations in Canada, and assembly, manufacturing, distribution, office or warehousing operations in 61 other countries, including equity interests in associated companies which perform assembly, manufacturing or distribution operations. Leases for warehouses outside the United States have remaining lease terms ranging from one to 12 years, many of which contain options to extend or terminate the lease. The major facilities outside the United States and Canada, which are principally vehicle manufacturing and assembly operations, are located in:

- Argentina
- Australia
- Belgium
- Brazil
- China
- Colombia
- Ecuador
- Egypt
- Germany
- India
- Kenya
- Mexico
- Poland
- Russia
- South Africa
- South Korea
- Spain
- Thailand
- United Kingdom
- Uzbekistan
- Venezuela
- Vietnam

We, our subsidiaries, or associated companies in which we own an equity interest, own most of the above facilities.

GM Financial's automotive financing and leasing operations lease facilities for administration and regional credit centers. GM Financial has 21 facilities located in the United States and two facilities located in Canada. GM Financial also owns a servicing facility, which is located in the United States and included in total facilities located in the United States.

Our properties include facilities which, in our opinion, are suitable and adequate for the manufacture, assembly and distribution of our products.

* * * * * * *

Item 3. Legal Proceedings

The following section summarizes material pending legal proceedings to which the Company is a party, other than ordinary routine litigation incidental to the business. We and the other defendants affiliated with us intend to defend all of the following actions vigorously.

Canadian Export Antitrust Class Actions

Approximately 80 purported class actions on behalf of all purchasers of new motor vehicles in the United States since January 1, 2001, have been filed in various state and federal courts against General Motors Corporation, GMCL, Ford Motor Company, Chrysler, LLC, Toyota Motor Corporation, Honda Motor Co., Ltd., Nissan Motor Company, Limited, and Bavarian Motor Works and their Canadian affiliates, the National Automobile Dealers Association, and the Canadian Automobile Dealers Association. The nearly identical complaints alleged that the defendant manufacturers, aided by the association defendants, conspired among themselves and with their dealers to prevent the sale to U.S. citizens of vehicles produced for the Canadian market and sold by dealers in Canada. The complaints alleged that new vehicle prices in Canada are 10% to 30% lower than those in the United States, and that preventing the sale of these vehicles to U.S. citizens resulted in the payment of higher than competitive prices by U.S. consumers. The complaints, as amended, sought injunctive relief under U.S. antitrust law and treble damages under U.S. and state antitrust laws, but did not specify damages. The complaints further alleged unjust enrichment and violations of state unfair trade practices act. The federal court actions were consolidated for coordinated pretrial proceedings under the caption *In re New Market Vehicle Canadian Export Antitrust Litigation Cases* in the U.S. District Court for the District of Maine, and the more than 30 California cases have been consolidated in the California Superior Court in San Francisco County under the case captions *Belch v. Toyota Corporation, et al.* and *Bell v. General Motors Corporation.* Old GM's potential liability in these matters was not assumed by General Motors Company as part of the 363 Sale, but GMCL remains subject to suit in all matters.

On March 5, 2004, the U.S. District Court for the District of Maine issued a decision holding that the purported indirect purchaser classes failed to state a claim for damages under federal antitrust law but allowed a separate claim seeking to enjoin future alleged violations to continue. The U.S. District Court for the District of Maine on March 10, 2006 certified a nationwide class of buyers and

Table of Contents

lessees under Federal Rule 23(b)(2) solely for injunctive relief, and on March 21, 2007 stated that it would certify 20 separate statewide class actions for damages under various state law theories under Federal Rule 23(b)(3), covering the period from January 1, 2001 to April 30, 2003. On March 28, 2008, the U.S. Court of Appeals for the First Circuit reversed the certification of the injunctive class and ordered dismissal of the injunctive claim and remanded to the U.S. District Court for the District of Maine for determination of several issues concerning federal jurisdiction and, if such jurisdiction still exists, for reconsideration of that class certification on a more complete record. On July 2, 2009, the district court granted granted summary judgment to defendants. Plaintiffs did not appeal. As a result, the federal actions are concluded with respect to us.

In the California state court cases, the court certified a state-wide class after a class certification hearing on April 21, 2009. Defendants' appeal to the appropriate appellate court was denied. Defendants filed other substantive motions for summary judgment, some of which were heard in January 2011 and others of which will be heard in March 2011 and at later dates. As a result, the Honda and Nissan entities have been dismissed. The disposition of GMCL's motion for summary judgment remains undecided. In the Minnesota state court cases, the court granted summary judgment in the defendants' favor on September 16, 2010. Plaintiffs did not appeal. A similar motion for summary judgment is under consideration by the court in the Arizona state court cases.

American Export Antitrust Class Actions

On September 25, 2007, a claim was filed in the Ontario Superior Court of Justice against GMCL and Old GM on behalf of a purported class of actual and intended purchasers of vehicles in Canada claiming that a similar alleged conspiracy was now preventing lower-cost U.S. vehicles from being sold to Canadians. The plaintiffs have delivered their certification materials. An order staying claims against MLC was granted in November 2009. In December 2010 the plaintiffs/class counsel advised that they intend to file further evidence from class members. The court has allowed the plaintiffs to file additional evidence by January 31, 2011. The plaintiffs filed additional affidavit materials, and GMCL is in the process of reviewing these affidavits. A decision has not yet been made as to whether or not to cross-examine the affiants. The date for delivery of GMCL's responding material is March 21, 2011. A certification hearing has not yet been scheduled. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

Canadian Dealer Class Action

On January 21, 2010, a claim was filed in the Ontario Superior Court of Justice against GMCL for damages on behalf of a purported class of 215 Canadian General Motors dealers which entered into wind-down agreements with GMCL in May 2009. GMCL offered the plaintiff dealers the wind-down agreements to assist the plaintiffs' exit from the GMCL Canadian dealer network upon the expiration of their GM Dealer Sales and Service Agreements (DSSAs) on October 31, 2010, and to assist the plaintiffs in winding down their dealer operations in an orderly fashion. The plaintiff dealers allege that the DSSAs have been wrongly terminated by GMCL and that GMCL failed to comply with franchise disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the dealers' statutory right to associate in an attempt to coerce the class member dealers into accepting the wind-down agreements. The plaintiff dealers claim that the wind-down agreements are void. GMCL is vigorously defending the claims. A certification hearing was held in December 2010, and the decision on class certification was reserved. No determination has been made that the case may be maintained as a class action, and it is not possible to determine the likelihood of liability or reasonably ascertain the amount of any damages.

OnStar Analog Equipment Litigation

Our wholly-owned subsidiary OnStar Corporation (OnStar) is a party to more than 20 putative class actions filed in various states, including Michigan, Ohio, New Jersey, Pennsylvania and California. All of these cases have been consolidated for pretrial purposes in a multi-district proceeding under the caption *In re OnStar Contract Litigation* in the U.S. District Court for the Eastern District of Michigan. The litigation arises out of the discontinuation by OnStar of services to vehicles equipped with analog hardware. OnStar was unable to provide services to such vehicles because the cellular carriers which provide communication service to OnStar terminated analog service beginning in February 2008. In the various cases, the plaintiffs are seeking certification of nationwide or statewide classes of owners of vehicles currently equipped with analog equipment, alleging various breaches of contract,

Table of Contents

misrepresentation and unfair trade practices. No determination has been made as to whether class certification motions are appropriate, and it is not possible at this time to determine whether class certification or liability is probable as to OnStar or to reasonably ascertain the amount of any liability. On August 2, 2010 plaintiffs filed a motion seeking to add General Motors LLC, our subsidiary, as an additional defendant, which was denied by the court in an opinion dated January 25, 2011.

Patent Infringement Litigation

On July 10, 2009, *Kruse Technology Partnership v. General Motors Company* was filed in the U.S. District Court for the Central District of California. In *Kruse*, the plaintiff alleged that we infringed three U.S. patents related to "Internal Combustion Engine with Limited Temperature Cycle" by making and selling diesel engines. The plaintiff did not make a claim specifying damages in this case. However, in a similar case filed against Old GM in December 2008, plaintiff asserted that its royalty damages would be significantly more than $100 million. In April 2009, the plaintiff filed a separate patent infringement action against DMAX, Inc., (DMAX) then a joint venture between Isuzu Diesel Services of America, Inc. and Old GM, and which is now a joint venture between Isuzu Diesel Services of America, Inc. and General Motors LLC. DMAX manufactures and assembles mechanical and other components of Duramax diesel engines for sale to us. The plaintiff asserted that its royalty damages claim against DMAX, Inc. would exceed $100 million and requested an injunction in both the case against DMAX and the case against General Motors LLC. The case was settled and an order dismissing the case was entered on November 5, 2010. The separate lawsuit against DMAX has also been dismissed.

Unintended Acceleration Class Actions

We were named as a co-defendant in two of the many class action lawsuits brought against Toyota arising from Toyota's recall of certain vehicles related to reports of unintended acceleration. The two cases are *Nimishabahen Patel v. Toyota Motors North America, Inc. et al.* (filed in the United States District Court for the District of Connecticut on February 9, 2010) *and Darshak Shah v. Toyota Motors North America, Inc. et al.* (filed in the United States District court for the District of Massachusetts on or about February 16, 2010). The 2009 and 2010 model year Pontiac Vibe, which was manufactured by a joint venture between Toyota and Old GM, included components that were common with those addressed by the Toyota recall and were accordingly the subject of a parallel recall by us. Each case makes allegations regarding Toyota's conduct related to the condition addressed by the recall and asserts breaches of implied and express warranty, unjust enrichment and violation of consumer protection statutes and seeks actual damages, multiple damages, attorneys fees, costs and injunctive relief on behalf of classes of vehicle owners which include owners of 2009 and 2010 model year Pontiac Vibes. The cases were consolidated in the multi-district proceeding pending in the Central District of California created to administer all cases in the Federal court system addressing Toyota unintended acceleration issues. We believe that, with respect to the overwhelming majority of Pontiac vehicles addressed by the two cases, the claims asserted are barred by the Sale Approval Order entered by the United States Bankruptcy Court for the Southern District of New York on July 5, 2009. On August 2, 2010, a consolidated complaint was filed in the multi-district proceeding and we were omitted from the list of named defendants. It now appears that the claims asserted will not be further pursued against us and, absent future developments, we will discontinue reporting on this matter.

UAW VEBA Contribution Claim

On April 6, 2010, the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached our obligation to contribute $450 million to the New VEBA. The UAW alleges that we were required to make this contribution pursuant to the UAW-Delphi-GM Memorandum of Understanding Delphi Restructuring dated June 22, 2007. We have filed a motion in the United States Bankruptcy Court for the Southern District of New York asserting that the UAW's claim is barred by the bankruptcy court approved 2009 UAW Retiree Settlement Agreement and by other orders issued by the bankruptcy court that preclude additional GM contributions to the New VEBA. We also maintain that Delphi's emergence from bankruptcy was not in the nature contemplated by the restructuring agreement and therefore, that condition to any payment remains unfulfilled. We removed this case to the U.S. Bankruptcy Court in October 2010, seeking dismissal of the UAW's U.S. District Court lawsuit. The UAW has contested whether the Bankruptcy Court has jurisdiction and on November 3, 2010, the U.S. District Court issued a stay of further proceedings until the issue of Bankruptcy Court jurisdiction is decided.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

AmeriCredit Transaction Claims

On July 27, 2010 *Robert Hatfield, Derivatively on behalf of AmeriCredit Corp v Clifton Morris, Jr. et al.*was filed in the district court for Tarrant County, Texas. General Motors Holdings, LLC and General Motors Company (the GM Entities) are two of the named defendants. Among other allegations, the complaint alleges that the individual defendants breached their fiduciary duty with regard to the proposed transaction between AmeriCredit and GM. The GM Entities are accused of aiding and abetting the alleged breach of fiduciary duty by the individual defendants (officers and directors of AmeriCredit). Among other relief, the complaint sought to enjoin the transaction from closing; however, no motion for an injunction was filed.

On July 28, 2010 *Labourers Pension Fund of Eastern and Central Canada, on behalf of itself and all others similarly situated v. AmeriCredit Corp, et al*. was filed in the district court for Tarrant County, Texas. General Motors Company is one of the named defendants. The plaintiff sought class action status and alleged that AmeriCredit and the individual defendants (officers and directors of AmeriCredit) breached their fiduciary duties in negotiating and approving the proposed transaction between AmeriCredit and GM, and that GM aided and abetted the alleged breach of fiduciary duty. Among other relief, the complaint sought to enjoin both the transaction from closing as well as a shareholder vote on the proposed transaction; however, no motion for an injunction was filed. On January 4, 2011, plaintiffs filed a notice of nonsuit, dismissing its claims without prejudice.

On or about August 6, 2010, *Carla Butler, Derivatively on behalf of AmeriCredit Corp v. Clifton Morris, Jr. et al.* was filed in the district court for Tarrant County, Texas. General Motors Holdings, LLC and General Motors Company are among the named defendants. Like the previously filed *Hatfield* litigation related to the proposed AmeriCredit acquisition, the complaint initiating this case alleges that individual officers and directors of AmeriCredit breached their fiduciary duties to AmeriCredit shareholders. The GM Entities are accused of breaching a fiduciary duty and aiding and abetting the individual defendants in usurping a corporate opportunity. Among other relief, the complaint seeks to rescind the AmeriCredit transaction and sought to enjoin its consummation and also to award plaintiff costs and disbursements including attorneys' and expert fees; however, no motion for an injunction was filed.

On September 1, 2010, *Douglas Mogle, on behalf of himself and all others similarly situated v. AmeriCredit Corp., et al.* was filed in the district court for Tarrant County, Texas. General Motors Company is among the named defendants. This complaint is similar to the *Labourers Pension Fund* complaint discussed above. On November 17, 2010, plaintiffs filed a notice of nonsuit, dismissing its claims without prejudice.

The *Hatfield* and *Butler* cases have been consolidated, and the plaintiffs have filed an amended consolidated complaint to include a claim for money damages. It is not possible to determine the likelihood of success or reasonably ascertain the amount of any damages, attorneys' fees or costs that may be awarded.

Korean Labor Litigation

Commencing on or about September 29, 2010, current and former hourly employees of GM Daewoo, our majority-owned affiliate in the Republic of Korea, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Daewoo failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. GM Daewoo may receive additional claims by hourly employees in the future. Similar cases have been brought against other large employers in the Republic of Korea. This case is in its earliest stages and the scope of claims asserted may change. However, based on a preliminary analysis of the claims currently asserted, the allegations of plaintiffs if accepted in their entirety represent a claim of approximately 517 billion Korean Won, which is approximately $454 million.

* * * * * * *

Item 4. Removed and Reserved

* * * * * * *

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Shares of our common stock have only been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. As a result our table below only provides data with respect to the fourth quarter for our common stock.

Quarterly price ranges of our common stock on the New York Stock Exchange, the principal market in which the stock is traded are as follows:

	Year Ended December 31, 2010	
	High (a)	Low (a)
Quarter		
First	N/A	N/A
Second	N/A	N/A
Third	N/A	N/A
Fourth	$36.98	$33.07

(a) The quarterly price ranges for our common stock are based on high and low prices from intraday trades.

Holders

As of February 15, 2011 we had a total of 1.6 billion issued and outstanding shares of common stock and a total of 318 million shares of common stock for which warrants are initially exercisable by two warrant holders of record. As of February 15, 2011 there were 185 holders of record of our common stock.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our new secured revolving credit facility, and other factors.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity Compensation Plan Information

The table below contains information about securities authorized for issuance under equity compensation plans. The features of these plans are discussed further in Note 31 to our consolidated financial statements (number of securities in millions).

Plan Category	Number of Securities To be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (a)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (b)
Equity compensation plans approved by security holders			
General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan (c)	17	$ —	58

(a) The awards under the General Motors Company 2009 Long-Term Incentive Plan and Salary Stock Plan are restricted stock units. The restricted stock units do not have an exercise price, and the awards will be payable in cash if settled prior to May 17, 2011, which is six months subsequent to our public offering. In limited situations certain executives could continue to settle their awards in cash due to tax considerations of select countries.

(b) Excludes securities reflected in the first column, "Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights."

(c) At December 31, 2010 all of our equity compensation plans were approved by security holders.

Repurchases of Securities

None of our issued common stock has been reacquired since its initial issuance on July 10, 2009.

Recent Sales of Unregistered Securities

Sales of Unregistered Securities

On December 31, 2010, we awarded an aggregate of 238 thousand Restricted Stock Units (RSUs) to global executives pursuant to our Salary Stock Plan (GMSSP) and 223 thousand shares, of which 137 thousand shares are outstanding as of December 31, 2010, of Restricted Stock to global executives pursuant to our 2009 Long-Term Incentive Plan. The difference between the 223 thousand shares awarded and the 137 thousand shares outstanding was used to satisfy tax obligations relating to the awards. Each RSU under the GMSSP is the economic equivalent of one share of our common stock. The RSUs do not have an expiration or exercise date or carry a conversion or exercise price. The awards will be settled in twelve equal, quarterly installments beginning on December 31, 2011. Each RSU is fully vested and presents the right to receive one share of our common stock on the applicable settlement date. Under the GMSSP, the fair value of our common stock is the average of the high and low trading prices for our common stock as reported on the New York Stock Exchange, on which our common stock is listed, on the date of the transaction. The shares of Restricted Stock were fully vested upon grant but are subject to restrictions on transfer until December 31, 2013. The securities described in this paragraph were issued pursuant to written compensatory plans or arrangements with our employees in reliance on the exemption provided by Section 4(2) of the Securities Act.

Contribution of Common Stock to U.S. Hourly and Salaried Pension Plans

On January 13, 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to U.S. hourly and salaried pension plans, valued at $2.2 billion for funding purposes. There were 41 million shares (valued at $1.5

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

billion) contributed to the hourly pension plan and 20 million shares (valued at $0.7 billion) to the salaried pension plan. This was a voluntary contribution above our required minimum funding of the pension plans. However, we expect that the contribution will improve the funded status of the pension plans and therefore improve our risk profile. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011. The common stock was issued and contributed to the pension plan in an unregistered transaction in accordance with an exemption under Section 4(2) of the Securities Act.

Use of Proceeds

In the three months ended December 31, 2010 we completed a public offering of 550 million shares of our common stock at a price of $33.00 per share, or $18.1 billion, which shares of common stock were offered by the UST, Canada Holdings and the New VEBA, and 100 million shares of Series B Preferred Stock at a price of $50.00 per share, or $5.0 billion, which shares of Series B Preferred Stock were offered by us. The following table sets forth the amounts registered and sold by each selling stockholder, the aggregate offering price of the sales, underwriters discounts and net proceeds before expenses to the selling stockholders.

Selling Stockholder	Total Shares Sold	Aggregate Offering Price	Underwriters' Discounts	Net Proceeds After Underwriters' Discounts
UST	412,328,814	$13,606,850,862	$102,051,381	$13,504,799,481
Canada Holdings	35,021,186	$ 1,155,699,138	$ 8,667,744	$ 1,147,031,394
New VEBA	102,350,000	$ 3,377,550,000	$ 25,331,625	$ 3,352,218,375

We registered and sold 100 million shares of Series B Preferred stock for an aggregate offering price of $5.0 billion which, after underwriters' discounts of $138 million resulted in net proceeds to us of $4.9 billion. Each share of our Series B Preferred Stock is convertible at the option of the holder at any time prior to December 1, 2013 into a minimum of 1.2626 shares of our common stock, and each share of Series B Preferred Stock will mandatorily convert on December 1, 2013 into a number of shares of our common stock ranging from 1.2626 to 1.5152 shares depending on the applicable market value of our common stock. The conversion ratios for option and mandatory conversions are subject to anti-dilution, make-whole and other adjustments. This offering was effected on November 17, 2010 pursuant to a Registration Statement on Form S-1 (File No. 333-168919), which the SEC declared effective on such date. Morgan Stanley & Co. Incorporated and J.P. Morgan Securities LLC acted as representatives of the several underwriters in the offering. We did not receive any of the proceeds from the sale of common stock, and we received net proceeds from the Series B Preferred Stock offering of $4.9 billion. We used these proceeds, along with $1.2 billion of cash on hand, to purchase our Series A Preferred Stock held by the UST in the amount of $2.1 billion and make a cash contribution to our U.S. hourly and salary pension plans in an amount of $4.0 billion.

We estimate that our expenses for the offerings, excluding underwriting discounts and commissions in connection with the sale of Series B Preferred Stock were $25.0 million, which does not reflect the agreement by the underwriters to reimburse us for a portion of our legal and road show costs and expenses in connection with the offering, up to a maximum aggregate amount of $3.0 million. No offering expenses were paid directly or indirectly by us to any of our directors or officers (or their associates) or persons owning 10% or more of any class of our equity securities or to any other affiliates.

* * * * * * *

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 6. Selected Financial Data
(Dollars in millions except per share amounts)

	Successor		Predecessor			
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)(b)	January 1, 2009 Through July 9, 2009	Years Ended December 31, 2008	2007	2006
Income Statement Data:						
Total net sales and revenue (c)(d)	$ 135,592	$ 57,474	$ 47,115	$148,979	$179,984	$204,467
Reorganization gains, net (e)	$ —	$ —	$128,155	$ —	$ —	$ —
Income (loss) from continuing operations (e)(f)	$ 6,503	$ (3,786)	$109,003	$ (31,051)	$ (42,685)	$ (2,155)
Income from discontinued operations, net of tax (g)	—	—	—	—	256	445
Gain on sale of discontinued operations, net of tax (g)	—	—	—	—	4,293	—
Net income (loss) (e)	6,503	(3,786)	109,003	(31,051)	(38,136)	(1,710)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108	(406)	(324)
Less: Cumulative dividends on and charge related to purchase of preferred stock (h)	1,504	131	—	—	—	—
Net income (loss) attributable to common stockholders (e)	$ 4,668	$ (4,428)	$109,118	$ (30,943)	$ (38,542)	$ (2,034)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (68.12)	$ (3.60)
Diluted earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (68.12)	$ (3.60)
Cash dividends per common share	$ —	$ —	$ —	$ 0.50	$ 1.00	$ 1.00
Balance Sheet Data (as of period end):						
Total assets (d)(f)	$ 138,898	$ 136,295		$ 91,039	$148,846	$185,995
Automotive notes and loans payable (i)(j)	$ 4,630	$ 15,783		$ 45,938	$ 43,578	$ 47,476
GM Financial notes and loans payable (d)	$ 7,032					
Series A Preferred Stock (k)	$ 5,536	$ 6,998		$ —	$ —	$ —
Series B Preferred Stock (l)	$ 4,855	$ —		$ —	$ —	$ —
Equity (deficit) (f)(m)(n)	$ 37,159	$ 21,957		$ (85,076)	$ (35,152)	$ (4,076)

(a) All applicable Successor share, per share and related information has been adjusted retroactively for the three-for-one stock split effected on November 1, 2010.

(b) At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Therefore, our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information.

(c) In November 2006 Old GM sold a 51% controlling ownership interest in Ally Financial, resulting in a significant decrease in total consolidated net sales and revenue.

(d) GM Financial was consolidated effective October 1, 2010.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(e) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with the Chapter 11 Proceedings, the 363 Sale and the application of fresh-start reporting. Refer to Note 2 to our consolidated financial statements for additional detail.

(f) In September 2007 Old GM recorded full valuation allowances of $39.0 billion against net deferred tax assets in Canada, Germany and the United States.

(g) In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. The results of operations, cash flows and the 2007 gain on sale of Allison have been reported as discontinued operations for all periods presented.

(h) Includes a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

(i) In December 2008 Old GM entered into the UST Loan Agreement, pursuant to which the UST agreed to provide a $13.4 billion UST Loan Facility.

(j) In December 2010 GM Daewoo terminated a Korean Won 1.4 trillion (equivalent to $1.2 billion) credit facility following the repayment of the remaining $1.0 billion under the facility.

(k) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount.

(l) Series B Preferred Stock was issued in a public offering in November and December 2010. The Series B Preferred Stock pays dividends at 4.75% and is convertible to common stock at the option of the holder until December 1, 2013 the date on which all outstanding shares of Series B Preferred Stock will be mandatorily converted into common stock based on pre-defined conversion ratios that adjust based on the share price of our common stock.

(m) In January 2007 Old GM recorded a decrease to Retained earnings of $425 million and a decrease of $1.2 billion to Accumulated other comprehensive loss in accordance with the early adoption of the measurement provisions of ASC 715, "Compensation — Retirement Benefits" (ASC 715).

(n) In January 2007 Old GM recorded an increase to Retained earnings of $137 million with a corresponding decrease to its liability for uncertain tax positions in accordance with ASC 740, "Income Taxes" (ASC 740).

* * * * * * *

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

General Motors Company was formed by the UST in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation and changed its name to General Motors Company, is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this management's discussion and analysis of financial condition and results of operations, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the SEC, as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Presentation and Estimates

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GMNA, GME, GMIO, GMSA and GM Financial.

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010 we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable share, per share and related information for periods on or subsequent to July 10, 2009 has been adjusted retroactively to give effect to the three-for-one stock split.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

On October 5, 2010 our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Overview

Our Company

Our company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under the Bankruptcy Code. As a result of the 363 Sale and other recent restructuring and cost savings initiatives, we have improved our financial position and level of operational flexibility as compared to Old GM when it operated the business. We commenced operations upon completion of the 363 Sale with a total amount of debt and other liabilities at July 10, 2009 that was $92.7 billion less than Old GM's total amount of debt and other liabilities at July 9, 2009. We reached a competitive labor agreement with our unions, restructured our dealer network and reduced and refocused our brand strategy in the U.S. to our four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange.

Automotive

We are a leading global automotive company. Our vision is to design, build and sell the world's best vehicles. We seek to distinguish our vehicles through superior design, quality, reliability, telematics (wireless voice and data) and infotainment and safety within their respective segments. Our business is diversified across products and geographic markets. With a global network of independent dealers we meet the local sales and service needs of our retail and fleet customers. Of our total 2010 vehicle sales volume, 73.6% was generated outside the United States, including 43.0% from emerging markets, such as Brazil, Russia, India and China (collectively BRIC), which have recently experienced the industry's highest volume growth.

Our automotive business is organized into four geographically-based segments:

- GMNA, with sales, manufacturing and distribution operations in the U.S., Canada and Mexico and distribution operations in Central America and the Caribbean, represented 31.3% of our total 2010 vehicle sales volume. In North America, we sell our vehicles through four brands — Chevrolet, GMC, Buick and Cadillac — which are manufactured at plants across the U.S., Canada and Mexico and imported from other GM regions. In 2010, GMNA had the largest market share of any competitor in this market at 18.2%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Russia, the Commonwealth of Independent States and Eastern Europe represented 19.8% of our total 2010 vehicle sales volume. In Western and Central Europe, we sell our vehicles under

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

the Opel and Vauxhall (U.K. only) brands, which are manufactured in Europe, and under the Chevrolet brand, which is imported from South Korea where it is manufactured by GM Daewoo of which we own 70.1%. In 2010, GME had the number five market share in this market, at 8.8%.

- GMIO, with sales, manufacturing and distribution operations in Asia-Pacific, Russia, the Commonwealth of Independent States, Eastern Europe, Africa and the Middle East, is our largest segment by vehicle sales volume. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East represented 36.7% of our total 2010 vehicle sales volume including sales through our joint ventures. In these regions, we sell our vehicles under the Buick, Cadillac, Chevrolet, Daewoo, FAW, GMC, Holden, Isuzu, Jiefang, Opel and Wuling brands, and we plan to commence sales under the Baojun brand in 2011. In 2010, GMIO had the second largest market share for this market at 8.8% and the number one market share in China. Of GMIO's vehicle sales volume 76.4% is from China in 2010. Our Chinese operations are primarily comprised of three joint ventures: SGM; of which we own 49%, SGMW; of which we own 44% and FAW-GM; of which we own 50%.

- GMSA, with sales, manufacturing and distribution operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales activities in Bolivia, Chile, Paraguay, Peru and Uruguay represented 12.2% of our total 2010 vehicle sales volume. In South America, we sell our vehicles under the Chevrolet, Suzuki and Isuzu brands. In 2010 GMSA had the largest market share for this market at 19.9% and the number three market share in Brazil. Of GMSA's vehicle sales volume 64.1% is from Brazil in 2010.

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the new Chevrolet Volt.

Automotive Financing

On October 1, 2010 we completed the acquisition of AmeriCredit Corp. for cash of approximately $3.5 billion and changed its name to General Motors Financial Company, Inc.

GM Financial specializes in purchasing retail automobile installment sales contracts originated by franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial generates revenue and cash flows primarily through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on the finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio; and
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our management team is focused on hiring new and promoting current talented employees who can bring new perspectives to our business in order to execute on our strategy as follows:

Deliver quality products. We intend to maintain a broad portfolio of vehicles so that we are positioned to meet global consumer preferences. We plan to do this in several ways.

- *Concentrate our design, engineering and marketing resources on fewer brands and architectures.* We plan to increase the volume of vehicles produced from common global architectures to more than 50% of our total volumes in 2015 from less than 17% today. We expect that this initiative will result in greater investment per architecture and brand and will increase our product development and manufacturing flexibility, allowing us to maintain a steady schedule of important new product launches in the future. We believe our four-brand strategy in the U.S. will continue to enable us to allocate higher marketing expenditures per brand.

- *Develop products across vehicle segments in our global markets.* We plan to develop vehicles in each of the key segments of the global markets in which we compete. For example, in September 2010 we introduced the Chevrolet Cruze in the U.S. small car segment, an important and growing segment where we have historically been under-represented.

- *Continued investment in a portfolio of technologies.* We will continue to invest in technologies that support energy diversity and energy efficiency as well as in safety, telematics and infotainment technology. We are committed to advanced propulsion technologies and intend to offer a portfolio of fuel efficient alternatives that use energy sources such as petroleum, bio-fuels, hydrogen and electricity, including the new Chevrolet Volt. We are committed to increasing the fuel efficiency of our vehicles with internal combustion engines through features such as cylinder deactivation, direct injection, variable valve timing, turbo-charging with engine downsizing and six speed transmissions. For example, we expect the Chevrolet Cruze Eco to be capable of achieving an estimated 40 mpg on the highway with a traditional internal combustion engine. We are expanding our telematics and infotainment offerings and, as a result of our OnStar service and our partnerships with companies such as Google, are in a position to deliver safety, security, navigation and connectivity systems and features.

Sell our vehicles globally. We will continue to compete in the largest and fastest growing markets globally.

- *Broaden GMNA product portfolio.* We plan to launch 13 new vehicles in GMNA across our four brands in 2011 and 2012, primarily in the growing car and crossover segments, where, in some cases, we are under-represented, and an additional 29 new vehicles between 2013 and 2014. Launched vehicles in 2010 included the Chevrolet Matiz, Spark, Spark Lite and Volt, Cadillac CTS Coupe and Buick Regal. We believe that we have achieved a more balanced portfolio in the U.S. market, where we maintained a sales volume mix of 36% from cars, 38% from trucks and 26% from crossovers in 2010 compared to 51% from trucks in 2006.

- *Refresh GME's vehicle portfolio.* To improve our product quality and product perception in Europe, by the start of 2012, we plan to have 80% of our Opel/Vauxhall carlines volume refreshed such that the model stylings are less than three years old. We have four product launches scheduled in 2011. As part of our planned rejuvenation of Chevrolet's portfolio, which increasingly supplements our Opel/Vauxhall brands throughout Europe, we are moving the entire Chevrolet lineup to new global architectures.

- *Increase sales in GMIO, particularly in China.* We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as China, and to improve market share in other important markets, including South Korea, South Africa, Russia, India and the ASEAN region. We aim to launch 70 new vehicles throughout GMIO through 2012. We plan to enhance and strengthen our GMIO product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- Increase sales in GMSA, particularly in Brazil. We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as Brazil. We aim to launch 40 new vehicles throughout GMSA through 2011. We plan to

Table of Contents

strengthen our GMSA product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- *Ensure competitive financing is available to our dealers and customers.* We currently maintain multiple financing programs and arrangements with third parties for our wholesale and retail customers to utilize when purchasing or leasing our vehicles. Through our long-standing arrangements with Ally Financial and a variety of other worldwide, regional and local lenders, we provide our customers and dealers with access to financing alternatives. We plan to further expand the range of financing options available to our customers and dealers to help grow our vehicle sales through two specific objectives: (1) ensure certainty of availability of financing; and (2) competitive and transparent pricing for financing, for our dealers and customers. We expect GM Financial will offer increased availability of leasing and sub-prime financing for our customers in the United States and Canada throughout economic cycles. We also plan to use GM Financial to initiate targeted customer marketing initiatives to expand our vehicle sales.

Reduce breakeven levels through improved revenue realization and a competitive cost structure. In developed markets, we are improving our cost structure to become profitable at lower industry volumes.

- *Capitalize on cost structure improvement and maintain reduced incentive levels in GMNA.* We plan to sustain the cost reduction and operating flexibility progress we have made as a result of our North American restructuring. Our current U.S. and Canadian hourly labor agreements provide the flexibility to utilize a lower tiered wage and benefit structure for new hires, part-time employees and temporary employees. We aim to increase our vehicle profitability by maintaining competitive incentive levels with our strengthened product portfolio and by actively managing our production levels through monitoring of our dealer inventory levels. For the twelve months ended December 31, 2010 and based on GMNA's 2010 market share, GMNA's earnings before interest and taxes (EBIT) (EBIT is not an operating measure under U.S. GAAP — refer to "Reconciliation of Consolidated, Automotive and GM Financial Segment Results" for additional discussion) would have achieved breakeven at GMNA wholesale volume of approximately 2.3 million vehicles, consistent with an annual U.S. industry sales volume of approximately 9.5 to 10.0 million vehicles.

- *Execute on our Opel/Vauxhall restructuring plan*. We expect our Opel/Vauxhall restructuring plan to lower our vehicle manufacturing costs. The plan includes manufacturing rationalization, headcount reduction, labor cost concessions from the remaining workforce and selling, general and administrative efficiency initiatives. Specifically, we have reached an agreement to reduce our European manufacturing capacity by 20% through, among other things, the closing of our Antwerp facility in Belgium and the rationalization of our powertrain operations in our Bochum and Kaiserslautern facilities in Germany. Additionally, we have reached an agreement with the labor unions in Europe to reduce labor costs by Euro 265 million per year. The objective of our restructuring, along with the refreshed product portfolio pipeline, is to restore the profitability of the GME business.

- *Enhance manufacturing flexibility.* We primarily produce vehicles in locations where we sell them and we have significant manufacturing capacity in medium- and low-cost countries. We intend to maximize capacity utilization across our production footprint to meet demand without requiring significant additional capital investment. For example, we were able to leverage the benefit of a global architecture and start initial production for the U.S. of the Buick Regal 11 months ahead of schedule by temporarily shifting production from North America to Rüsselsheim, Germany.

Maintain a strong balance sheet. Given our business's high operating leverage and the cyclical nature of our industry, we intend to minimize our financial leverage. We plan to use excess cash to repay debt and to make discretionary contributions to our U.S. pension plans. Based on this planned reduction in financial leverage and the anticipated benefits resulting from our operating strategy described above, we will aim to attain an investment grade credit rating over the long-term.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM, through its wholly-owned subsidiary GMCL, also received funding from EDC, a corporation wholly-owned by the Government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the UST Loan Facility under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);

- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and

- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for UAW retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the New VEBA, such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA Obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus of resources on four U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab, HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;
- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers was targeted from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the CAW to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries entered into the Chapter 11 Proceedings.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of the Sellers. The 363 Sale was consummated in accordance with the Purchase Agreement, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

- UST's return of the warrants Old GM previously issued to it;

- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and

- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where expected general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009, we entered into the UST Credit Agreement and assumed debt of $7.1 billion Old GM incurred under the DIP Facility (UST Loans). Through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement with EDC and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. Proceeds of the DIP Facility of $16.4 billion were deposited in escrow, to be distributed to us at our request if certain conditions were met and returned to us after the UST Loans and the Canadian Loan were repaid in full. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued the VEBA Notes to the New VEBA in the principal amount of $2.5 billion pursuant to the VEBA Note Agreement.

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 19 to our consolidated financial statements for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada Holdings, the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, which could have included compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased the 84 million shares of Series A Preferred Stock held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 to our consolidated financial statements for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post-age-65 benefits and placing a cap on pre-age-65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

ASC 852 is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Proceedings were recorded in Reorganization gains, net. Expenses and gains and losses directly related to the reorganization do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities.

Specific Management Initiatives

The execution of certain management initiatives is critical to achieving our goal of sustained future profitability. The following provides a summary of these management initiatives and significant results and events.

Repayment of Debt and Reduction of Financial Leverage

Purchase of Series A Preferred Stock from the UST

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion.

Contribution of Cash and Common Stock to U.S. Hourly and Salaried Pension Plans

In October 2010 we announced our intention to contribute $6.0 billion to our U.S. hourly and salaried pension plans, consisting of $4.0 billion of cash and $2.0 billion of our common stock. In December 2010 we made the $4.0 billion cash contribution to our U.S. hourly and salaried pension plans consisting of a $2.7 billion contribution to the U.S. hourly pension plan and a $1.3 billion contribution to the U.S. salaried pension plan. In January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. We contributed 41 million shares of our common stock to the U.S. hourly pension plan and 20 million shares of our common stock to the U.S. salaried pension plan.

Repayment of GM Daewoo Credit Facility

In December 2010 GM Daewoo terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

Repayment of VEBA Notes

On July 10, 2009 we entered into the VEBA Note Agreement and issued the VEBA Notes in the principal amount of $2.5 billion to the New VEBA. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Repayment of UST Loans and Canadian Loan

Proceeds from the DIP Facility were necessary in order to provide sufficient capital for Old GM to operate pending the closing of the 363 Sale. In connection with the 363 Sale, we assumed the UST Loans and Canadian Loan, which Old GM incurred under the DIP Facility. One of our key priorities was to repay the outstanding balances from these loans prior to maturity. We also plan to use excess cash to repay debt and reduce our financial leverage.

In April 2010, we used funds from our escrow account (described below) to repay in full the then-outstanding amount of the UST Loans of $4.7 billion and GMCL repaid in full the then-outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

UST Escrow Funds

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow. We used our escrow account to acquire all Class A Membership Interests in DIP HOLDCO LLP, subsequently named Delphi Automotive LLP (New Delphi), in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and make other related payments in the amount of $1.0 billion. We released from escrow $2.4 billion in connection with two quarterly payments on the UST Loans and Canadian Loan and another $4.7 billion was released upon the repayment of the UST Loans. The remaining funds in the amount of $6.6 billion that were held in escrow became unrestricted and the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Repayment of German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German federal government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. The German Facility was necessary in order to provide sufficient capital to operate Opel/Vauxhall. On November 24, 2009, the debt was paid in full and extinguished.

Focus on Chinese Market

Our Chinese operations, which we established beginning in 1997, are composed of the following joint ventures: SGM, SGMW, FAW-GM, Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car JV), collectively referred to as China JVs. We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick division, which we believe is a strong brand in China. In the coming years, we plan to increasingly leverage our global architectures to increase the number of nameplates under the Chevrolet brand in China. Sales and income of the joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet, and Cadillac.

SGMW, of which we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9%, produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling and Chevrolet brands. In 2010 we entered into an equity transfer agreement to purchase an additional 10% interest in SGMW from Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, (together the Wuling Group) for $52 million in cash plus an agreement to provide technical services to the Wuling Group through 2013. Upon receiving regulatory approval in China, the transaction closed in November of 2010 increasing our ownership from 34% to 44% of the outstanding stock of SGMW. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales and production volume in China. SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes certain key operational and financial data for the China JVs (dollars in millions):

	Years Ended	
	December 31, 2010	December 31, 2009
Total wholesale units	2,348,391	1,823,693
Market share	12.8%	13.3%
Total net sales and revenues	$ 25,395	$ 18,098
Net income	$ 2,808	$ 1,636

	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 5,247	$ 3,516
Debt	$ 61	$ 30

In November 2010 we and SAIC entered into a non-binding Memorandum of Understanding (MOU) that would, if binding agreements are concluded by the parties, result in several strategic cooperation initiatives between us and SAIC. The initiatives covered by the MOU include:

- Cooperation in the development of new energy vehicles, such as appropriate electric vehicle architectures and battery electric vehicle technical development;
- Further expanding the role of PATAC in vehicle development, new technology development and participation in our global vehicle development process;
- Sharing an additional vehicle architecture and powertrain application with SAIC in an effort to help reduce development costs and benefit from economies of scale;
- Potential cooperation in providing access to our distribution network outside China for certain of SAIC's MG branded products;
- Providing training sources to assist a limited number of SAIC engineers with their professional development; and
- Discussions to determine possible areas of cooperation in the development of future diesel engines.

We expect definitive agreements will be reached in the first half of 2011 for the initiatives not yet agreed to at December 31, 2010.

Development of Multiple Financing Sources and GM Financial

A significant percentage of our customers and dealers require financing to purchase our vehicles. Historically, Ally Financial has provided most of the financing for our dealers and a significant amount of financing for our customers in the U.S., Canada and various other markets around the world. We maintain other financing relationships, such as with U.S. Bank for U.S. leasing, GM Financial for sub-prime lending and a variety of local and regional financing sources around the world.

We expect GM Financial will allow us to complement our existing relationship with Ally Financial in order to provide a more complete range of financing options to our customers, specifically focusing on providing additional capabilities in leasing and sub-prime financing options. We also plan to use GM Financial for targeted customer marketing initiatives to expand our vehicle sales.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility will be needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Refer to the section of this report entitled "— Liquidity and Capital Resources — Secured Revolving Credit Facility" for additional information about the secured revolving credit facility.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Opel/Vauxhall Restructuring Activities

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result, we have decided to fund the requirements of Opel/Vauxhall internally, including any amounts necessary to fund the $1.4 billion in cash required to complete the European restructuring program. Opel/Vauxhall has subsequently withdrawn all applications for government loan guarantees from European governments.

Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

We plan to continue to invest in capital, engineering and innovative fuel efficient powertrain technologies including an extended-range electric vehicle and battery electric vehicles. Our plan also includes aggressive capacity reductions including headcount reductions and the closing of our Antwerp, Belgium facility.

In the year ended December 31, 2010 GME recorded charges for 2010 restructuring programs of $81 million related to separation programs in the U.K. and Germany and an early retirement plan in Spain of $63 million, which will affect 1,200 employees.

In the year ended December 31, 2010 GME recorded charges of $527 million related to a separation plan associated with the closure of the Antwerp, Belgium facility. There were 2,600 employees affected, of which 1,300 separated in June 2010. In addition, GME and employee representatives entered into a Memorandum of Understanding whereby both parties cooperated in a working group, which also included the Flemish government, in order to find an outside investor to acquire and operate the facility. In October 2010 we announced that the search for an investor had been unsuccessful and the vehicle assembly operations in Antwerp, Belgium ceased at the end of 2010.

Increased GMNA Production Volume

The moderate improvement in the U.S. economy, resulting increase in U.S. industry vehicle sales and increase in demand for our products has resulted in increased production volumes for GMNA. In the year ended December 31, 2010 GMNA produced 2.8 million vehicles. This represents an increase of 46.8% compared to 1.9 million vehicles that combined GM and Old GM GMNA produced in the year ended December 31, 2009.

The following table summarizes GMNA's quarterly production volume (in thousands):

	Three Months Ended December 31	Three Months Ended September 30	Three Months Ended June 30	Three Months Ended March 31
GMNA quarterly production volume 2010	703	707	731	668
GMNA quarterly production volume 2009	616	531 (a)	395 (b)	371 (b)
Total GMNA quarterly production volume year-over-year increase	14.1%	33.1%	85.1%	80.1%

(a) Combined GM and Old GM GMNA production volume.

(b) Old GM GMNA production volume.

Increased U.S. Vehicle Sales

GMNA dealers in the U.S. sold 2.2 million vehicles in the year ended December 31, 2010. This represents an increase of 131,000 vehicles (or 6.3%) from our and Old GM's U.S. vehicle sales in the year ended December 31, 2009. This increase reflects our brand

Table of Contents

rationalization strategy to focus our product engineering and design and marketing on our four brands. This strategy has resulted in increased consumer demand for certain products such as the Chevrolet Equinox, GMC Terrain, Buick LaCrosse and Cadillac SRX. These four brands accounted for 99.4% of our U.S. vehicle sales in the year ended December 31, 2010. The moderate improvement in the U.S. economy has contributed to a slow but steady improvement in U.S. industry vehicle sales and increased consumer confidence.

The continued increase in U.S. industry vehicle sales and the vehicle sales of our four brands is critical for us to maintain our worldwide profitability.

U.S. Dealer Reduction

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of U.S. dealerships was necessary. In determining which dealerships would remain in our network, we performed analyses of volumes and consumer satisfaction indexes, among other criteria, and over 1,800 U.S. retail dealers signed wind-down agreements effectively terminating their dealer agreements with us on October 31, 2010. Pursuant to legislation passed in December 2009 over 1,100 dealers filed for arbitration seeking reinstatement. In 2010 the arbitration process was resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands. At December 31, 2010 there were 4,500 vehicle dealers in the U.S. compared to 5,600 at December 31, 2009.

Section 136 Loans

Section 136 of the EISA established an incentive program consisting of both grants and direct loans to support the development of advanced technology vehicles and associated components in the U.S. In January 2011 consistent with our strategy to maintain a strong balance sheet by minimizing our financial leverage, we withdrew our $14.4 billion loan application, under Section 136, to the U.S. Department of Energy.

Brand Rationalization

We have focused our resources in the U.S. on four brands. As a result, we completed the sale of Saab in February 2010 and the sale of Saab GB in May 2010 and have completed the wind down of our Pontiac, Saturn, and HUMMER brands.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of Nexteer included the global steering business which was acquired in October 2009. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia. We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale.

Resolution of Delphi Matters

In October 2009 we consummated the transaction contemplated in the DMDA with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other OEMs with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We, along with several third party investors who held the Delphi Tranche DIP Facility (collectively, the Investors), agreed to acquire substantially all of Delphi's remaining assets through New Delphi. Certain excluded assets and liabilities had been retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to its senior DIP credit facility, including certain

Table of Contents

outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with our advance agreements with Delphi, the payment terms acceleration agreement with Delphi and the claims associated with previously transferred pension costs for hourly employees.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the Master Restructuring Agreement with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In separate agreements, we, Delphi and the Pension Benefit Guarantee Corporation (PBGC) negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain certain obligations relating to Delphi hourly employees to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions and settlements with various represented employee groups are discussed below.

2009 Special Attrition Programs

In 2009 Old GM announced special attrition programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

Global Salaried Workforce Reductions

In 2009 U.S. salaried workforce reductions were accomplished primarily through a salaried retirement program or through a severance program funded from operating cash flows.

Table of Contents

Delphi Benefit Guarantee Agreements

The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

U.S. Salaried Benefit Changes

U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 Old GM and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued other postretirement benefits (OPEB) liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred at December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the revised settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the projected benefit obligation (PBO) or accumulated postretirement benefit obligation (APBO) of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent Health Care Trust (HCT) to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities and expenses. As a result, certain financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Therefore, we did not

Table of Contents

combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM’s financial information in the period January 1, 2009 through July 9, 2009 for comparison to prior periods. For the purpose of the following discussion, we have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM’s Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined vehicle sales data comparing the Successor and Predecessor periods. Refer to Note 2 to our consolidated financial statements for additional information on fresh-start reporting.

Because our and Old GM’s financial information is not comparable, we are providing additional financial metrics for the periods presented in addition to disclosures concerning significant transactions and trends at December 31, 2010 and 2009 and in the periods presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases, sales of parts and accessories and GM Financial’s loan purchasing and servicing activities.

Automotive cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit costs, and separation and impairment charges. Prior to our application of fresh-start reporting on July 10, 2009, Automotive cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Automotive selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and non-income based state and local taxes.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidated Results of Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$ 135,142	$ 57,329	$ 46,787	$ 147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (a)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$ 109,118	$ (30,943)

(a) Includes charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize total production volume and sales of new motor vehicles and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production Volume (a)			
GMNA	2,809	1,913	3,449
GME	1,234	1,106	1,495
GMIO (b)	3,745	2,677	2,335
GMSA	926	807	865
Worldwide	8,714	6,503	8,144

(a) Production volume includes vehicles produced by certain joint ventures.

(b) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)(e)						
GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
GMIO (f)(g)	3,077	8.8%	2,453	8.7%	1,832	7.4%
GMSA	1,026	19.9%	872	20.0%	920	20.7%
Worldwide	8,390	11.4%	7,477	11.6%	8,359	12.3%

(a) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(f) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(g) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT provides meaningful supplemental information regarding our automotive segments' operating results because it excludes amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT is useful in allowing for greater transparency of our core operations and it is therefore used by management in its financial and operational decision-making.

While management believes that EBIT provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of EBIT may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to common stockholders. Due to these limitations, EBIT is used as a supplement to U.S. GAAP measures.

Management believes income (loss) before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

The following table summarizes the reconciliation of our automotive segments EBIT and GM Financial's income before income taxes to Net income (loss) attributable to stockholders (dollars in millions):

	Successor				Predecessor			
	Year Ended December 31, 2010		July 10, 2009 Through December 31, 2009		January 1, 2009 Through July 9, 2009		Year Ended December 31, 2008	
Automotive								
EBIT								
GMNA (a)	$ 5,748	81.4%	$(4,820)	108.8%	$ (11,092)	74.7%	$(12,203)	85.3%
GME (a)	(1,764)	(25.0)%	(814)	18.4%	(2,815)	19.0%	(2,625)	18.3%
GMIO (a)	2,262	32.0%	789	(17.8)%	(486)	3.3%	(555)	3.9%
GMSA (a)	818	11.6%	417	(9.4)%	(454)	3.0%	1,076	(7.5)%
Total automotive EBIT	7,064	100%	(4,428)	100%	(14,847)	100%	(14,307)	100%
Corporate and eliminations (b)	284		(359)		128,044		(13,000)	
Interest income	465		184		183		655	
Automotive interest expense	1,098		694		5,428		2,525	
Income tax expense (benefit)	672		(1,000)		(1,166)		1,766	
Automotive Financing								
GM Financial income before income taxes	129		—		—		—	
Net income (loss) attributable to stockholders	$ 6,172		$(4,297)		$109,118		$(30,943)	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
GMNA	$ 83,035	$ 56,617	$ 32,426	$ 24,191	$ 86,187	$ 26,418	46.7%	$(29,570)	(34.3)%
GME	24,076	24,031	11,479	12,552	34,647	45	0.2%	(10,616)	(30.6)%
GMIO	21,470	14,785	8,567	6,218	24,050	6,685	45.2%	(9,265)	(38.5)%
GMSA	15,379	13,135	7,399	5,736	14,522	2,244	17.1%	(1,387)	(9.6)%
GM Financial	281	—	—	—	—	281	n.m.	—	n.m.
Total operating segments	144,241	108,568	59,871	48,697	159,406	35,673	32.9%	(50,838)	(31.9)%
Corporate and eliminations	(8,649)	(3,979)	(2,397)	(1,582)	(10,427)	(4,670)	(117.4)%	6,448	61.8%
Total net sales and revenue	$ 135,592	$ 104,589	$ 57,474	$ 47,115	$ 148,979	$ 31,003	29.6%	$(44,390)	(29.8)%

n.m. = not meaningful

In the year ended December 31, 2010 Total net sales and revenue increased by $31.0 billion (or 29.6%), primarily due to: (1) increased wholesale sales volume of $19.8 billion in GMNA due to an improving economy and recent vehicle launches; (2) increased wholesale volumes of $3.9 billion in GMIO due to an improving global economy and recent vehicle launches; (3) favorable vehicle pricing effect of $2.9 billion in GMNA due to lower sales allowances, partially offset by less favorable adjustments for U.S. residual support programs for leased vehicles; (4) increased wholesale volumes of $2.2 billion in GMSA driven by launches of the Chevrolet Cruze and Chevrolet Spark; (5) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales in GMNA; (6) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar in GMSA; (7) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities in GMNA; (8) favorable net foreign currency translation effect of $0.9 billion in GMIO; (9) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles in GMIO; (10) favorable net foreign currency remeasurement effect of $0.8 billion in GMNA; (11) derivative losses of $0.8 billion in 2009, that did not recur in 2010, primarily driven by the depreciation of the Korean Won against the U.S. Dollar in GMIO; (12) favorable vehicle mix of $0.5 billion in GME; (13) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva in GME; (14) favorable vehicle pricing effect of $0.3 billion primarily in Venezuela driven by the hyperinflationary economy in GMSA; (15) increased revenues from OnStar of $0.3 billion in GMNA; and (16) finance charge income of $0.3 billion due to the acquisition of AmeriCredit.

These increases in Total net sales and revenue were partially offset by: (1) devaluation of the BsF in Venezuela of $0.9 billion in GMSA; (2) unfavorable net foreign currency translation effect of $0.7 billion in GME; (3) unfavorable vehicle mix of $0.4 billion in GMSA; and (4) decreased lease financing revenues of $0.3 billion related to the liquidation of the portfolio of automotive leases.

In the year ended December 31, 2009 Total net sales and revenue decreased by $44.4 billion (or 29.8%) primarily due to: (1) decreased revenue of $36.7 billion in GMNA related to volume reductions; (2) decrease in domestic wholesale volumes and lower exports of $9.1 billion in GMIO; (3) decreased domestic wholesale volumes of $4.8 billion in GME; (4) unfavorable foreign currency translation effect and transaction losses of $3.7 billion in GME, primarily due to the strengthening of the U.S. Dollar versus the Euro; (5) decreased wholesale volumes of $2.2 billion in GMSA; (6) decreased revenue of $1.2 billion in GME related to Saab;

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(7) unfavorable net foreign currency effect of $1.0 billion in GMIO; (8) decreased powertrain and parts and accessories revenue of $0.8 billion in GME; and (9) decreased lease financing revenue of $0.7 billion related to the continued liquidation of the portfolio of automotive retail leases.

These decreases in Total net sales and revenue were partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion in GMNA; (2) favorable vehicle mix of $2.8 billion in GMNA; (3) favorable vehicle pricing of $1.3 billion in GME; (4) decreased derivative losses of $0.9 billion in GMIO; (5) favorable pricing of $0.4 billion in GMSA, primarily due to a 60% price increase in Venezuela due to high inflation; and (6) favorable vehicle mix of $0.3 billion in GMIO driven by launches of new vehicle models at GM Daewoo.

Automotive Cost of Sales

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotives sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive cost of sales	$ 118,792	87.9%	$ 56,381	98.3%	$ 55,814	119.3%	$ 149,257	101.0%
Automotive gross margin	$ 16,350	12.1%	$ 948	1.7%	$ (9,027)	(19.3)%	$ (1,525)	(1.0)%

GM

In the year ended December 31, 2010 Automotive cost of sales included: (1) restructuring charges of $0.8 billion in GME primarily for separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) foreign currency remeasurement losses of $0.5 billion in GMNA; (3) charges of $0.2 billion for a recall campaign on windshield fluid heaters in GMNA; (4) impairment charges related to product-specific tooling assets of $0.2 billion in GMNA; partially offset by (5) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization in GMNA; and (6) foreign currency transaction gains of $0.3 billion in GMSA.

In the period July 10, 2009 through December 31, 2009 Automotive cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of the UAW hourly retiree medical plan and Mitigation Plan in GMNA; (2) foreign currency remeasurement losses of $1.3 billion in GMNA; partially offset by (3) favorable adjustments of $0.7 billion in GMNA, $0.5 billion in GME and $0.1 billion in GMIO due to the sell through of inventory acquired from Old GM at July 10, 2009; and (4) foreign currency transaction gains of $0.5 billion primarily in Corporate.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive cost of sales included: (1) incremental depreciation charges of $2.1 billion in GMNA and $0.7 billion in GME; (2) a curtailment loss of $1.4 billion upon the interim remeasurement of the U.S. hourly defined benefit pension plans in GMNA; (3) separation program charges and Canadian restructuring activities of $1.1 billion in GMNA; (4) charges of $0.8 billion primarily related to the deconsolidation of Saab; (5) foreign currency translation and remeasurement losses of $0.7 billion in GMNA; (6) impairment charges of $0.4 billion in GMNA and $0.2 billion in GME primarily for product-specific tooling; (7) foreign currency transaction losses of $0.5 billion in GMSA; (8) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives in GMNA; (9) a charge of $1.1 billion related to the Supplemental Unemployment Benefit (SUB) and the Transitional Support Program (TSP), partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program, Old GM's job security provision of the collective bargaining agreement with the UAW to continue paying idled employees certain wages and benefits in GMNA; and (10) charges of $0.3 billion related to obligations associated with various Delphi agreements in GMNA.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected sales volumes at historically low levels and Automotive cost of sales, including costs that are fixed in nature, exceeding Total net sales and revenue.

In the year ended December 31, 2008 Automotive cost of sales included: (1) restructuring charges and other costs of $6.0 billion related to Old GM's special attrition programs in GMNA; (2) expenses of $1.7 billion related to the salaried post-65 healthcare settlement in GMNA; (3) impairment charges of $0.5 billion in GME and $0.4 billion in GMNA primarily related to product-specific tooling; (4) commodity and foreign currency exchange derivative losses of $0.8 billion in GMNA; (5) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW in GMNA; (6) restructuring charges of $0.3 billion related to separation programs announced in Belgium, France, Germany and the United Kingdom in GME; (7) foreign currency transaction losses of $0.3 billion in GMSA primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; partially offset by (8) net curtailment gain of $4.9 billion in GMNA related to the February 2008 Settlement Agreement for the UAW hourly medical plan; and (9) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar in GMNA.

Automotive Selling, General and Administrative Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive selling, general and administrative expense	$ 11,446	8.5%	$ 6,006	10.5%	$ 6,161	13.2%	$ 14,253	9.6%

GM

In the year ended December 31, 2010 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $5.1 billion to support media campaigns for our products, including expenses in GMNA of $3.4 billion, in GME of $0.8 billion, in GMIO of $0.6 billion and in GMSA of $0.3 billion; (2) administrative expenses of $4.4 billion, including expenses in GMNA of $2.0 billion, in GMIO of $0.8 billion, in GME of $0.6 billion and in GMSA of $0.5 billion; and (3) selling and marketing expenses of $1.4 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.5 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $2.5 billion to support media campaigns for our products, including expenses in GMNA of $1.7 billion, in GME of $0.4 billion, in GMIO of $0.3 billion and in GMSA of $0.1 billion; (2) administrative expenses of $2.6 billion, including expenses in GMNA of $1.1 billion, in GMIO of $0.5 billion, in GME of $0.3 billion and in GMSA of $0.2 billion; and (3) selling and marketing expenses of $1.0 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.3 billion, in GMIO of $0.1 billion and in GMSA of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive selling, general and administrative expense included: (1) charges of $0.5 billion recorded for dealer wind-down costs in GMNA; and (2) a curtailment loss of $0.3 billion upon the interim remeasurement of the U.S. salary defined benefit pension plan as a result of global salary workforce reductions. This was partially offset by the positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as a result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing budgets.

In the year ended December 31, 2008 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $6.3 billion to support media campaigns for our products, including expenses in GMNA of $4.0 billion, in

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GME of $1.3 billion, in GMIO of $0.8 billion and in GMSA of $0.2 billion; (2) administrative expenses of $5.8 billion, including expenses in GMNA of $2.8 billion, in GMIO of $0.9 billion, in GME of $0.7 billion and in GMSA of $0.4 billion; and (3) selling and marketing expenses of $1.9 billion primarily to support our dealerships including expenses in GMNA of $0.9 billion, in GME of $0.7 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

Other Automotive Expenses, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of total net sales and revenue
Other automotive expenses, net	$ 118	0.1%	$ 15	—%	$1,235	2.6%	$ 6,699	4.5%

GM

In the year ended December 31, 2010 Other automotive expenses, net included primarily depreciation expense of $0.1 billion related to our portfolio of automotive retail leases.

In the period July 10, 2009 through December 31, 2009 Other automotive expenses, net included: (1) depreciation expense and realized losses of $89 million related to the portfolio of automotive retail leases; (2) pension management expenses of $38 million; (3) interest expense related to our dealer financing program of $13 million; partially offset by (3) gains in GME for changes in liabilities related to Saab of $60 million; (4) recovery of amounts written off of $51 million related to the portfolio of automotive retail leases; and (5) gain on sale of vehicles of $19 million related to the portfolio of automotive retail leases.

Old GM

In the period January 1, 2009 through July 9, 2009 Other automotive expenses, net included: (1) charges of $0.8 billion in GME, primarily related to the deconsolidation of Saab; (2) charges of $0.2 billion related to Delphi; and (3) depreciation expense of $0.1 billion related to the portfolio of automotive retail leases.

In the year ended December 31, 2008 Other automotive expenses, net included: (1) charges related to the Delphi Benefit Guarantee Agreements of $4.8 billion; (2) depreciation expense of $0.7 billion related to the portfolio of automotive retail leases; (3) Goodwill impairment charges of $0.6 billion; (4) operating expenses of $0.4 billion related to the portfolio of automotive retail leases; and (5) interest expense of $0.1 billion.

Equity in Income (Loss) of and Disposition of Interest in Ally Financial

	Predecessor			
	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Equity in income (loss) of and disposition of interest in Ally Financial	$ (1,097)	(2.3)%	$ 916	0.6%
Gain on conversion of UST Ally Financial Loan	2,477	5.3%	—	—%
Impairment charges related to Ally Financial Common Membership Interests	—	—%	(7,099)	(4.8)%
Total equity in income (loss) of and disposition of interest in Ally Financial	$ 1,380	2.9%	$ (6,183)	(4.2)%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

In the period January 1, 2009 through July 9, 2009 Equity in loss of and disposition of interest in Ally Financial included: (1) Gain of $2.5 billion recorded on the UST's conversion of the UST Ally Financial Loan for Class B Membership Interests in Ally Financial; partially offset by (2) Old GM's proportionate share of Ally Financial's loss from operations on $1.1 billion.

In the year ended December 31, 2008 Equity in loss of and disposition of interest in Ally Financial included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial Common Membership Interests; partially offset by (2) Old GM's proportionate share of Ally Financial's income from operations of $0.9 billion.

Automotive Interest Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive interest expenses	$ (1,098)	0.8%	$ (694)	1.2%	$ (5,428)	11.6%	$ (2,525)	1.7%

GM

In the year ended December 31, 2010 Automotive interest expense included: (1) interest expense of $0.4 billion on GMIO and GMSA debt; (2) interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes; and (3) interest expense of $0.3 billion on GMNA debt.

In the period July 10, 2009 through December 31, 2009 Automotive interest expense included interest expense of $0.3 billion on the UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive interest expense included: (1) amortization of discounts related to the UST Loan, EDC Loan, and DIP Facilities of $3.7 billion; and (2) interest expense of $1.7 billion primarily related to interest expense of $0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO and GMSA debt. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009, the date of its Chapter 11 Proceedings.

In the year ended December 31, 2008 Automotive interest expense included: (1) interest expense of $1.6 billion on Old GM's unsecured bonds; (2) interest expense of $0.4 billion Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure; and (3) interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan.

Interest Income and Other Non-Operating Income, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Interest income and other non-operating income,net	$ 1,555	1.1%	$ 440	0.8%	$ 852	1.8%	$ 424	0.3%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the year ended December 31, 2010 Interest income and other non-operating income, net included; (1) interest income earned from investments of $0.5 billion; (2) dividends and royalties of $0.2 billion; (3) rental income of $0.2 billion; (4) reversal of liability related to the Adjustment Shares of $0.2 billion; (5) gain on sale of Saab of $0.1 billion; (6) gain on sale of Nexteer of $0.1 billion; (7) gain on bargain purchase and the fair value of the recognizable assets acquired and liabilities assumed of $0.1 billion related to the acquisition of GM Strasbourg (GMS); (8) gain on derivatives of $0.1 billion; and (8) Ally Financial exclusivity fee of $0.1 billion in GMNA.

In the period July 10, 2009 through December 31, 2009 Interest income and other non-operating income, net included: (1) gains on foreign currency exchange derivatives of $0.3 billion; (2) interest income earned from investments of $0.2 billion; (3) net rental and royalty income of $0.2 billion in GMNA; partially offset by (4) liability recorded related to the Adjustment Shares of $0.2 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Interest income and other non-operating income, net included: (1) interest income of $0.2 billion earned from investments; (2) gains on derivatives of $0.2 billion related to the return of warrants issued to the UST; (3) gains on foreign currency exchange derivatives of $0.1 billion; (4) dividends on the investment in Ally Financial Preferred Membership Interests of $0.1 billion; (5) net rental income of $0.1 billion in GMNA; (6) royalty income of $0.1 billion in GMNA; and (7) Ally Financial exclusivity fee income of $0.1 billion in GMNA.

In the year ended December 31, 2008 Interest income and other non-operating income, net included: (1) interest income earned from investments of $0.7 billion; (2) rental income of $0.2 billion; (3) dividends and royalties of $0.2 billion; (4) Ally Financial exclusivity fee income of $0.1 billion in GMNA; partially offset by (5) impairment charge of $1.0 billion related to our investment in Ally Financial Preferred Membership Interests.

Gain (Loss) on Extinguishment of Debt

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) on extinguishment of debt	$ 196	$ (101)	$ (1,088)	$ 43

GM

In the year ended December 31, 2010 Gain (loss) on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Loss on extinguishment of debt included a loss of $2.0 billion related to the UST exercising its option to convert outstanding amounts of the UST Ally Financial Loan into shares of Ally Financial's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan.

In the year ended December 31, 2008 Gain (loss) on extinguishment of debt included a gain of $43 million resulting from a settlement gain recorded for the issuance of 44 million shares of common stock in exchange for $498 million principal amount of Old GM's Series D debentures, which were retired and canceled.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Reorganization gains, net

	Predecessor
	January 1, 2009 Through July 9, 2009
Reorganization gains, net	$128,155

Old GM

In the period January 1, 2009 through July 9, 2009 Reorganization gains, net included: (1) the gain on conversion of debt of $37.5 billion; (2) the change in net assets resulting from the application of fresh-start reporting of $33.8 billion; (3) the gain from the settlement of net liabilities retained by MLC of $25.2 billion; and (4) the fair value of Series A Preferred stock, common shares and warrants issued in connection with the 363 Sale of $20.5 billion.

Income Tax Expense (Benefit)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income tax expense (benefit)	$ 672	$ (1,000)	$ (1,166)	$ 1,766

GM

In the year ended December 31, 2010 Income tax expense of $0.7 billion primarily resulted from current and deferred income tax provisions of $0.6 billion for profitable entities without valuation allowances, $0.3 billion withholding taxes and taxable foreign exchange gain in Venezuela, partially offset by $0.3 billion settlement of uncertain tax positions and reversal of valuation allowances.

In the period July 10, 2009 through December 31, 2009 Income tax benefit of $1.0 billion primarily resulted from a $1.4 billion income tax allocation between operations and Other comprehensive income, partially offset by income tax provisions of $0.3 billion for profitable entities without valuation allowances. Our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, primarily due to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax benefit of $1.2 billion primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion with the U.S. and Canadian governments, partially offset by income tax provisions for profitable entities without valuation allowances.

In the year ended December 31, 2008 Income tax expense of $1.8 billion primarily resulted from the recording of valuation allowances of $1.9 billion against deferred tax assets in South Korea, the United Kingdom, Spain, Australia, Texas and various non-U.S. jurisdictions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Equity Income, net of tax

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
China JVs	$ 1,297	1.0%	$ 460	0.8%	$ 300	0.6%	$ 315	0.2%
Other equity interests	$ 141	0.1%	$ 37	0.1%	$ (239)	(0.5)%	$ (129)	(0.1)%
Total equity income, net of tax	$ 1,438	1.1%	$ 497	0.9%	$ 61	0.1%	$ 186	0.1%

GM

In the year ended December 31, 2010 Equity income, net of tax included equity income of $1.3 billion related to our China JVs, primarily SGM and SGMW and equity income of $0.1 billion related to New Delphi.

In the period July 10, 2009 through December 31, 2009 equity income, net of tax included equity income of $0.5 billion related to our China JVs, primarily SGM and SGMW.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax included equity income of $0.3 billion related to our China JV's, primarily SGM and SGMW partially offset by equity losses of $0.2 billion primarily related to impairment charges at NUMMI and our proportionate share of losses at CAMI.

In the year ended December 31, 2008 Equity income, net of tax included equity income of $0.3 billion related to our China JVs, primarily SGM and SGMW partially offset by equity losses of $0.1 billion primarily related to our investments in NUMMI and CAMI.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in Millions, Except Share Amounts)

	Successor	
	December 31, 2010	**December 31, 2009**
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$ 138,898	$ 136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$ 138,898	$ 136,295

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive

Current Assets

At December 31, 2010 Marketable securities of $5.6 billion increased by $5.4 billion due to investments in securities with maturities exceeding 90 days reflecting our improved liquidity and cash position.

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $12.7 billion (or 91.1%) primarily due to: (1) UST escrow funds of $6.6 billion became unrestricted upon our repayment of the UST Loans and Canadian Loan; (2) release of $4.7 billion from our UST escrow funds to repay the UST Loans; and (3) release of $1.2 billion from our UST escrow funds for quarterly payments on the UST Loans and Canadian Loan.

At December 31, 2010 Accounts and notes receivable of $8.7 billion increased by $1.2 billion (or 15.7%) primarily due to higher sales volumes in all regions.

At December 31, 2010 Inventories of $12.1 billion increased by $2.0 billion (or 20.0%) primarily due to increased production resulting from higher demand for our products and new product launches.

At December 31, 2010 Assets held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010.

At December 31, 2010 Equipment on operating leases, net of $2.6 billion decreased by $0.2 billion (or 5.8%) due to: (1) a decrease of $0.3 billion due to the continued liquidation of our portfolio of automotive retail leases; (2) a decrease of $0.1 billion in GME due to overall volume decreases in Germany; partially offset by (3) an increase of $0.2 billion in GMNA, primarily related to vehicles leased to daily rental car companies (vehicles leased to U.S. daily rental car companies increased to 118,000 vehicles at December 31, 2010 from 97,000 vehicles at December 31, 2009).

Non-Current Assets

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $0.3 billion (or 22.1%) primarily due to a reduction in required cash collateral arrangements as a result of our improved credit conditions compared to December 31, 2009.

At December 31, 2010 Equity in net assets of nonconsolidated affiliates of $8.5 billion increased by $0.6 billion (or 7.5%) due to: (1) equity income of $1.4 billion in the year ended December 31, 2010, primarily related to our China JVs; (2) investment of $0.4 billion in SGMW; (3) investment of $0.2 billion in HKJV; partially offset by (4) dividends received or declared of $1.2 billion, primarily related to our China JVs; (5) a decrease of $0.2 billion related to the sale of our 50% interest in a joint venture; and (6) a decrease of $0.1 billion related to the sale of a 1% ownership interest in SGM to SAIC.

At December 31, 2010 Property, net of $19.2 billion increased by $0.5 billion (or 2.9%) primarily due to: (1) capital expenditures, of $4.2 billion; (2) accruals and capital leases of $0.5 billion; partially offset by (2) depreciation of $3.8 billion; (3) decreases associated with disposals of businesses of $0.3 billion; and (4) unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Goodwill of $30.5 billion decreased by $0.2 billion (or 0.5%) primarily due to unfavorable foreign currency translation effect in GME resulting from the Euro weakening against the U.S. dollar.

At December 31, 2010 Intangible assets, net of $11.9 billion decreased by $2.7 billion (or 18.3%) primarily due to amortization of $2.6 billion and foreign currency translation of $0.1 billion.

At December 31, 2010 Deferred income taxes of $0.3 billion decreased by $0.3 billion (or 45.4%) primarily due to reclassifications of deferred tax assets and changes in the allocation of valuation allowances resulting from underlying changes in the timing of tax deductions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2010 Assets held for sale were reduced to $0 from $0.5 billion at December 31, 2009 due to the sale of certain of our India operations (GM India) in February 2010. We classified these Assets held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 Other assets of $3.3 billion increased by $0.7 billion (or 25.3%) primarily due to: (1) increase of $0.3 billion in long-term notes receivable resulting primarily from the sale of GM India of $0.2 billion; (2) increase of $0.1 billion due to capitalization of debt issuance costs associated with the secured revolving credit facility; and (3) increase of $0.1 billion due to amounts paid into insurance funds for employees in early retirement programs.

Current Liabilities

At December 31, 2010 Accounts payable of $21.5 billion increased by $2.8 billion (or 14.8%) primarily due to higher payables for materials due to increased production volumes.

At December 31, 2010 Short-term debt and current portion of long-term debt of $1.6 billion decreased by $8.6 billion (or 84.2%) primarily due to: (1) repayment of the UST Loans and Canadian Loan of $7.0 billion; (2) repayment of the GM Daewoo credit facility of $1.2 billion; and (3) a net change in other obligations of $0.4 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010 to Spyker Cars NV.

At December 31, 2010 Accrued liabilities of $23.4 billion increased by $1.1 billion (or 5.1%) primarily due to: (1) increase in GMNA due to higher customer deposits related to the increased number of vehicles leased to daily rental car companies of $0.5 billion; (2) increase due to tax related accruals reclassified from non-current to current of $0.3 billion; and (3) other miscellaneous accruals of $0.3 billion.

Non-Current Liabilities

At December 31, 2010 Long-term debt of $3.0 billion decreased by $2.5 billion (or 45.8%), primarily due to the repayment in full of the VEBA Notes composed of the outstanding amount (together with accreted interest thereon) of $2.8 billion and resulting gain of $0.2 billion, partially offset by additional net borrowings of $0.4 billion and unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.3 billion at December 31, 2009 due to the sale of GM India in February 2010. We classified these Liabilities held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 our Postretirement benefits other than pensions liability of $9.3 billion increased by $0.6 billion (or 6.7%) primarily due to year-end remeasurement effects of $0.4 billion driven by discount rate reductions in the valuation assumptions and unfavorable foreign currency translation effect of $0.2 billion due to the strengthening of the Canadian dollar against the U.S dollar.

At December 31, 2010 our Pensions liability of $21.9 billion decreased by $5.2 billion (or 19.2%) primarily due to net contributions and benefit payments of $4.9 billion and favorable foreign currency translation effect of $0.3 billion. Gains from asset returns greater than expected were primarily offset by actuarial losses from discount rate decreases.

At December 31, 2010 Other liabilities and deferred income taxes of $13.0 billion decreased by $0.3 billion (or 1.9%) primarily due to: (1) decrease in plant closing liability in GMNA due to payments made in 2010 and employee related adjustments of $0.4 billion; (2) decrease due to tax related accruals classified to current of $0.3 billion; partially offset by (3) increase in deferred taxes of $0.4 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Automotive Financing

Total GM Financial Assets

At December 31, 2010 Total GM Financial Assets of $10.9 billion was primarily composed of net automotive finance receivables of $8.2 billion, Goodwill of $1.3 billion related to the acquisition of AmeriCredit, including amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis and restricted cash of $1.1 billion associated with GM Financial's credit facilities and securitization notes payable.

Total GM Financial Liabilities

At December 31, 2010 Total GM Financial Liabilities of $7.4 billion was primarily composed of securitization notes payable of $6.1 billion issued in the asset backed securities market and advances on credit facilities of $0.8 billion.

GM North America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 83,035	$ 32,426	$ 24,191	$ 86,187
Income (loss) attributable to stockholders before interest and income taxes	$ 5,748	$ (4,820)	$ (11,092)	$ (12,203)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009 (a)	Year Ended December 31, 2008 (a)
Production volume			
Cars	977	727	1,543
Trucks	1,832	1,186	1,906
Total	2,809	1,913	3,449

(a) Production volume includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
Total U.S.	2,215	18.8%	2,084	19.7%	2,981	22.1%
U.S. — Cars	807	14.3%	874	16.3%	1,257	18.6%
U.S. — Trucks	1,408	23.0%	1,210	23.1%	1,723	25.5%
Canada	247	15.6%	254	17.1%	359	21.4%
Mexico	156	18.3%	138	17.9%	212	19.8%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at time of delivery to the daily rental car companies.

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
GMNA vehicle sales by brand (a)(b)(c)(d)(e)			
Buick	168	111	154
Cadillac	156	115	170
Chevrolet	1,866	1,601	2,158
GMC	411	317	438
Other — Opel	1	1	2
Total core brands	2,602	2,145	2,922
HUMMER	4	11	30
Pontiac	12	238	383
Saab	1	10	23
Saturn	7	81	207
Total other brands	24	339	643
GMNA total	2,625	2,484	3,565

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMNA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$ 83,035	$ 56,617	$32,426	$24,191	$ 86,187	$26,418	46.7%	$ (29,570)	(34.3)%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $26.4 billion (or 46.7%) primarily due to: (1) increased wholesale volumes of $19.8 billion representing 873,000 vehicles (or 42.7%) due to an improving economy and successful recent vehicle launches of the Chevrolet Equinox, Chevrolet Cruze, GMC Terrain, Buick LaCrosse and Cadillac SRX; (2) favorable pricing of $2.9 billion due to decreased sales allowances partially offset by less favorable adjustments in the U.S. to the accrual for U.S. residual support programs for leased vehicles of $0.4 billion (favorable of $0.7 billion in 2010 compared to favorable of $1.1 billion in 2009); (3) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales; (4) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (5) favorable net foreign currency remeasurement effect of $0.8 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; and (6) increased revenues from OnStar of $0.3 billion primarily due to increased volumes.

In the year ended December 31, 2009 Total net sales and revenue decreased by $29.6 billion (or 34.3%) primarily due to: (1) decreased revenue of $36.7 billion related to volume reductions; partially offset by (2) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion; and (3) favorable vehicle mix of $2.8 billion. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates and a recession in North America, Old GM's well publicized liquidity issues and Chapter 11 Proceedings; partially offset by improved vehicle sales related to the CARS program and an increase in dealer showroom traffic and related vehicle sales in response to our new 60-Day satisfaction guarantee program.

GMNA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$ 5,748	$ (4,820)	$(11,092)	$ (12,203)

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate (SAAR)) and market share. While not as significant as industry volume and market share, another factor affecting GMNA profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Contribution margin is a key indicator of product profitability. Contribution margin is defined as revenue less material cost, freight, and policy and warranty expense. Vehicles with higher selling prices generally have higher contribution margins. Trucks currently have a contribution margin of approximately 140% of our portfolio on a weighted-average basis. Crossover vehicles' contribution margins are in line with the overall portfolio on a weighted-average basis, and cars are approximately 60% of the portfolio on a weighted-average basis. As such, a sudden shift in consumer preference from trucks to cars would have an unfavorable effect on GMNA's EBIT and breakeven point. For example, a shift in demand such that industry market share for trucks deteriorated 10 percentage points and industry market share for cars increased by 10 percentage points, holding other variables constant, would have increased GMNA's breakeven point for the year ended December 31, 2010, as measured in terms of GMNA factory unit sales, by 200,000 vehicles. For the year ended December 31, 2010 our U.S. car market share was 14.3% and our U.S. truck market share was 23.0%. We continue to strive to achieve a product portfolio with more balanced contribution margins and less susceptibility to shifts in consumer demand.

GM

In the year ended December 31, 2010 EBIT was $5.7 billion and included: (1) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives; offset by (2) advertising and sales promotion expenses of $3.4 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.0 billion; (4) selling and marketing expenses of $0.6 billion related to our dealerships; (5) foreign currency remeasurement losses of $0.5 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; (6) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (7) impairment charges related to product-specific tooling assets of $0.2 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $4.8 billion and included: (1) settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan and Mitigation Plan; (2) foreign currency remeasurement losses of $1.3 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar; (3) charges of $0.3 billion related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealerships network were terminated; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.7 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $11.1 billion and included: (1) incremental depreciation charges of $2.1 billion recorded by Old GM prior to the 363 Sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained; (2) curtailment loss of $1.7 billion upon the interim remeasurement of the U.S. hourly and U.S. salaried defined benefit pension plans as a result of the 2009 Special Attrition Programs and salaried workforce reductions; (3) U.S. hourly and salary separation program charges and Canadian restructuring activities of $1.1 billion; (4) foreign currency remeasurement losses of $0.7 billion driven by the general strengthening of the Canadian Dollar against the U.S. Dollar; (5) charges of $0.5 billion incurred for dealer wind-down costs; (6) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (7) a charge of $1.1 billion related to the SUB and TSP, partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program; (8) charges of $0.4 billion primarily for impairments for special-tooling and product related machinery and equipment; (9) charges of $0.3 billion related to obligations associated with various Delphi agreements; and (10) equity losses of $0.3 billion related to impairment charges at NUMMI and our proportionate share of losses at CAMI. MLC retained the investment in NUMMI, and CAMI has been consolidated since March 1, 2009.

In the year ended December 31, 2008 EBIT was a loss of $12.2 billion and included: (1) charges of $6.0 billion related to restructuring and other costs associated with Old GM's special attrition programs; (2) advertising and sales promotion expenses of $4.0 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.8 billion; (4) expenses of $1.7 billion related to the salaried post-65 healthcare settlement; (5) selling and marketing expenses of $0.9 billion related to our dealerships; (6) losses of $0.8 billion related to commodity and foreign currency exchange derivatives; (7) impairment charges related to product-specific tooling assets of $0.4 billion; and (8) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW partially offset by (9) net curtailment gain of $4.9 billion related to the 2008 UAW Settlement Agreement; and (10) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar.

GM Europe
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 24,076	$ 11,479	$ 12,552	$ 34,647
Loss attributable to stockholders before interest and income taxes	$ (1,764)	$ (814)	$ (2,815)	$ (2,625)

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	1,234	1,106	1,495

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
Germany	269	8.4%	382	9.4%	300	8.8%
United Kingdom	290	12.7%	287	12.9%	384	15.4%
Italy	170	7.9%	189	8.0%	202	8.3%
Russia	159	8.0%	142	9.4%	338	11.2%
Uzbekistan	145	97.1%	103	95.8%	20	18.8%
France	123	4.6%	119	4.4%	114	4.4%
Spain	100	8.9%	94	8.7%	107	7.8%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GME Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Amount	%	Amount	%
Total net sales and revenue	$ 24,076	$ 24,031	$11,479	$12,552	$ 34,647	$ 45	0.2%	$(10,616)	(30.6)%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $45 million (or 0.2%) primarily due to: (1) increased wholesale volumes of $0.5 billion representing 38,000 vehicles (or 3.1%) primarily due to 31,000 Buick Regals exported to the U.S., and increases in Turkey by 17,000 vehicles (or 68.9%), in Russia by 14,000 vehicles (or 48.9%), in the United Kingdom by 13,000 vehicles (or 5.0%), in the Netherlands by 12,000 vehicles (or 37.8%), in Portugal by 11,000 vehicles (or 103.0%), in Italy by 11,000 (or 9.0%), partially offset by a decrease in Germany of 113,000 vehicles (or 33.0%) driven by the end of the government subsidies program. The net wholesale volume increase was offset by a decrease in wholesale volumes throughout the region of $0.5 billion representing 17,000 vehicles due to the sale of Saab in February 2010; (2) favorable vehicle mix of $0.5 billion primarily due to the Opel Insignia and increased sales of other higher priced vehicles; (3) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva; partially offset by (4) unfavorable net foreign currency translation effect of $0.7 billion, primarily due to the weakening of the Euro and British Pound against the U.S. Dollar; and (5) lower volumes of rental car activity and subsequent repurchases sold at auction of $0.2 billion.

In the year ended December 31, 2009 Total net sales and revenue decreased by $10.6 billion (or 30.6%) primarily due to: (1) decreased wholesale volumes of $4.8 billion representing 405,000 vehicles (or 24.8%) primarily due to decreases in the United Kingdom by 99,000 vehicles (or 26.7%), in Russia by 69,000 vehicles (or 70.2%), in Italy by 25,000 vehicles (or 16.8%), and exports to the U.S. by 33,000 vehicles (or 94.4%), partially offset by an increase in Germany by 65,000 vehicles (or 23.4%) driven by the government subsidy program. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates, a recession in many international markets, Old GM's well publicized liquidity issues and Chapter 11 Proceedings and the announcement that Old GM was seeking a majority investor in Adam Opel; (2) unfavorable net foreign currency translation and transaction effect of $3.7 billion driven primarily by the strengthening of the U.S. Dollar against the Euro; (3) decreased sales revenue at Saab of $1.2 billion; (4) decreased powertrain and parts and accessories revenue of $0.8 billion; partially offset by (5) favorable vehicle pricing effect of $1.3 billion.

GME Loss Before Interest and Income Taxes (Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Loss attributable to stockholders before interest and income taxes	$ (1,764)	$ (814)	$ (2,815)	$ (2,625)

GM

In the year ended December 31, 2010 EBIT was a loss of $1.8 billion and included: (1) restructuring charges of $0.8 billion primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) advertising and sales promotion expenses of $0.8 billion primarily related to support media campaigns for our products; (3) administrative expense of $0.6 billion; and (4) selling and marketing expenses of $0.5 billion related to our dealerships.

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $0.8 billion and included: (1) advertising and sales promotion expenses of $0.4 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.3 billion; (3) selling and marketing expenses of $0.3 billion related to our dealerships; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.5 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $2.8 billion and included: (1) charges of $0.8 billion primarily related to the deconsolidation of Saab, which filed for reorganization protection under the laws of Sweden in February 2009; (2) incremental depreciation charges of $0.7 billion related to restructuring activities; (3) impairment charges of $0.2 billion related to product-specific tooling assets; and (4) operating losses of $0.2 billion related to Saab.

In the year ended December 31, 2008 EBIT was a loss of $2.6 billion and included: (1) advertising and sales promotion expenses of $1.3 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.7 billion; (3) selling and marketing expenses of $0.7 billion related to our dealerships; (4) special tooling and product related machinery and equipment asset impairment charges of $0.5 billion; (5) goodwill impairment charges of $0.5 billion; and (6) restructuring charges of $0.3 billion primarily related to separation programs announced in Belgium, France, Germany and the United Kingdom.

GM International Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 21,470	$ 8,567	$ 6,218	$ 24,050
Income (loss) attributable to stockholders before interest and income taxes	$ 2,262	$ 789	$ (486)	$ (555)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM Year Ended December 31, 2010	Combined GM and Old GM Year Ended December 31, 2009	Old GM Year Ended December 31, 2008
Production volume			
Consolidated entities	1,016	752	1,153
Joint ventures			
SGMW (a)	1,256	1,109	646
SGM	1,037	712	439
FAW-GM (a)	86	43	—
Other	350	61	97
Total production volume	3,745	2,677	2,335

(a) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)(f)						
Total GMIO	3,077	8.8%	2,453	8.7%	1,832	7.4%
Vehicle sales– consolidated entities						
Australia	133	12.8%	121	12.9%	133	13.1%
Middle East Operations	123	10.7%	117	11.1%	144	9.3%
South Korea	127	8.1%	115	7.9%	117	9.7%
Egypt	68	27.2%	52	25.5%	60	23.1%
Vehicle sales–primarily joint ventures (f)						
China (g)(h)	2,352	12.8%	1,826	13.3%	1,095	12.1%
India	110	3.7%	69	3.1%	66	3.3%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Includes HUMMER vehicle sales data.

(c) Vehicle sales data may include rounding differences.

(d) Our vehicle sales include Saab data through February 2010.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(f) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(g) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India of 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(h) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

GMIO Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Amount	%	Amount	%
Total net sales and revenue	$ 21,470	$ 14,785	$ 8,567	$6,218	$ 24,050	$ 6,685	45.2%	$ (9,265)	38.5%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2010 Total net sales and revenue increased by $6.7 billion (or 45.2%) primarily due to: (1) increased wholesale volumes of $3.9 billion representing 118,000 vehicles (or 11.8%) primarily in the Middle East by 35,000 vehicles (or 28.2%) and in GM Daewoo by 100,000 vehicles (or 21.1%). The primary driver for the increase in wholesale volumes was the global economic recovery, together with the effect of launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $0.9 billion, primarily due to the strengthening of the Korean Won, Australian Dollar and South African Rand against the U.S. Dollar; (3) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles; (4) favorable vehicle pricing effect of $0.1 billion, primarily due to higher pricing on new model launches at GM Daewoo; and (5) derivative losses of $0.8 billion in the period January 1, 2009 through July 9, 2009, that did not recur in 2010, primarily driven by the weakening of the Korean Won against the U.S. Dollar in that period. Subsequent to July 10, 2009, all gains and losses on non-designated derivatives were recorded in Interest income and other non-operating income, net.

In the year ended December 31, 2009 Total net sales and revenue decreased by $9.3 billion (or 38.5%) primarily due to: (1) decreased wholesale volumes and lower exports of $9.1 billion representing 460,000 vehicles (or 31.6%) primarily in GM Daewoo by 247,000 vehicles (or 34.2%), in the Middle East by 103,000 vehicles (or 45.4%), in Australia by 59,000 vehicles (or 32.6%) and in Thailand by 53,000 vehicles (or 69.7%). The decrease in wholesale volumes was primarily due to tight credit markets, increased unemployment rates and Old GM's well publicized liquidity issues and Chapter 11 Proceedings. These unfavorable trends were partially offset by many countries lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales volumes; (2) unfavorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of the U.S. Dollar against the Korean Won and Australian Dollar in 2009, partially offset by (3) decreased derivative losses of $0.9 billion at GM Daewoo; and (4) favorable vehicle mix of $0.3 billion driven by launches of new vehicle models at GM Daewoo.

The vehicle sales related to our China and India (GM India was deconsolidated effective February 2010) joint ventures is not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, net of tax.

GMIO Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$ 2,262	$ 789	$ (486)	$ (555)

GM

In the year ended December 31, 2010 EBIT was $2.3 billion and included: (1) Equity income, net of tax, of $1.3 billion from the operating results of our China JVs; (2) favorable change in fair value of $0.1 billion from derivatives driven by the stronger Korean Won versus the U.S. Dollar; partially offset by (3) administrative expenses of $0.8 billion; (4) advertising and sales promotion expenses of $0.6 billion primarily to support media campaigns for our products; (5) unfavorable non-controlling interest attributable to minority shareholders of GM Daewoo and General Motors Egypt (GM Egypt) of $0.3 billion; and (6) selling and marketing expenses of $0.2 billion related to labor costs in the selling department across GMIO and also costs incurred in the establishment of the Korean direct dealership network.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.8 billion and included: (1) favorable depreciation of fixed assets of $0.3 billion resulting from lower balances; and (2) favorable adjustments of $0.1 billion in Automotive cost of sales due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was

Table of Contents

recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort; partially offset by (3) administrative expenses of $0.5 billion; (4) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; (5) selling and marketing expenses of $0.1 billion; and (6) unfavorable amortization of $0.1 billion related to intangible assets.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) derivative losses of $0.8 billion at GM Daewoo; (2) administrative expenses of $0.4 billion; (3) advertising and sales promotion expenses of $0.2 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.3 billion primarily from the operating results of our China JVs; and (5) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

In the year ended December 31, 2008 EBIT was a loss of $0.6 billion and included: (1) derivative losses of $1.7 billion at GM Daewoo; (2) administrative expenses of $0.9 billion; (3) advertising and sales promotion expenses of $0.8 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.4 billion primarily from the operating results of our China JVs; (5) selling and marketing expenses of $0.2 billion; and (6) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

GM South America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 15,379	$ 7,399	$ 5,736	$ 14,522
Income (loss) attributable to stockholders before interest and income taxes	$ 818	$ 417	$ (454)	$ 1,076

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	926	807	865

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)						
Total GMSA	1,026	19.9%	872	20.0%	920	20.7%
Brazil	658	18.7%	596	19.0%	549	19.5%
Argentina	109	16.3%	79	15.2%	95	15.5%
Colombia	85	33.6%	67	36.1%	80	36.3%
Ecuador	53	40.8%	40	43.3%	48	42.2%
Venezuela	51	40.6%	49	36.1%	90	33.2%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Vehicle sales data may include rounding differences.

(c) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMSA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$ 15,379	$ 13,135	$ 7,399	$5,736	$ 14,522	$ 2,244	17.1%	$ (1,387)	(9.6)%

In the year ended December 31, 2010 Total net sales and revenue increased by $2.2 billion (or 17.1%) primarily due to: (1) increased wholesale volumes of $2.2 billion representing 170,000 vehicles (or 19.1%) primarily in Brazil by 72,000 vehicles or (11.7%), in Argentina by 32,000 vehicles (or 41.4%) and in Colombia by 21,000 vehicles (or 32.9%) driven by launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar such as the Brazilian Real and Colombian Peso; (3) favorable vehicle pricing effect of $0.3 billion, primarily in Venezuela driven by the hyperinflationary economy; partially offset by (4) devaluation of the BsF in Venezuela of $0.9 billion; and (5) unfavorable vehicle mix of $0.4 billion driven by increased sales of the Chevrolet Spark and Chevrolet Aveo and decreased sales of the Chevrolet Meriva, Vectra and S-10.

In the year ended December 31, 2009 Total net sales and revenue decreased by $1.4 billion (or 9.6%) due to: (1) decreased wholesale volumes of $2.2 billion representing 30,000 vehicles (or 3.3%) primarily in Venezuela by 37,000 vehicles (or 44.1%), in Argentina by 19,000 vehicles (or 19.8%) and in Colombia by 13,000 vehicles (or 16.6%); partially offset by (2) favorable pricing effect of $0.4 billion primarily due to price increases in Venezuela driven by the hyperinflationary economy; and (3) increased wholesale volumes in Brazil of $0.2 billion representing 56,000 vehicles (or 10.0%).

GMSA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$ 818	$ 417	$ (454)	$ 1,076

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

In the year ended December 31, 2010 EBIT was $0.8 billion and included: (1) foreign currency transaction gains of $0.3 billion primarily due to foreign currency exchanges done at the preferential rate in Venezuela; offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; and (4) selling and marketing expenses of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.4 billion and included: (1) administrative expenses of $0.2 billion; (2) advertising and sales promotion expenses of $0.1 billion; and (3) selling and marketing expenses of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) foreign currency transaction losses of $0.5 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (2) administrative expenses of $0.2 billion; (3) advertising and sales promotion expenses of $0.1 billion; and (4) selling and marketing expenses of $0.1 billion.

In the year ended December 31, 2008 EBIT was $1.1 billion and included: (1) administrative expenses of $0.4 billion; (2) foreign currency transaction losses of $0.3 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (3) advertising and sales promotion expenses of $0.2 billion; and (4) selling and marketing expenses of $0.1 billion.

GM Financial
(Dollars in Millions)

Three Months Ended December 31, 2010

	Successor
	Three Months Ended December 31, 2010
Total revenue	$ 281
Income before income taxes	$ 129

In the three months ended December 31, 2010 Total revenue included finance charge income of $264 million and other income of $17 million. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010. The effective yield represents finance charges and fees recorded in earnings and the accretion of the purchase accounting premium during the period as a percentage of average finance receivable.

Net margin is the difference between finance charge income and other income earned on GM Financial's finance receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

The following table summarizes GM Financial's net margin and as a percentage of average finance receivables (dollars in millions):

	Successor	
	Three Months Ended December 31, 2010	
Finance charge income	$ 264	12.1%
Other income	17	0.8%
Interest expense	(37)	(1.7)%
Net GM Financial margin	$ 244	11.2%

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Income Before Income Taxes

In the three months ended December 31, 2010 results included: (1) Total revenue of $281 million; partially offset by (2) operating and leased vehicle expenses of $73 million; (3) interest expense of $37 million; (4) provision for loan losses of $26 million; and (5) acquisition expenses of $16 million. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, other unsecured debt and the amortization of the purchase accounting premium.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest expensed was 2.0%.

Corporate
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 134	$ 141	$ 327	$ 1,206
Net income (loss) attributable to stockholders	$ (877)	$ 176	$123,902	$ (16,677)

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

Corporate Total Net Sales and Revenue

(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$ 134	$ 468	$ 141	$ 327	$ 1,206	$ (334)	(71.4)%	$ (738)	(61.2)%

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases.

In the year ended December 31, 2010 Total net sales and revenue decreased by $0.3 billion (or 71.4%) primarily due to decreased lease financing revenue related to the liquidation of the portfolio of automotive leases. Average outstanding automotive retail leases on-hand for GM and combined GM and Old GM were 7,000 and 73,000 for the years ended December 31, 2010 and 2009.

In the year ended December 31, 2009 Total net sales and revenue decreased by $0.7 billion (or 61.2%) primarily due to decreased lease financing revenue of $0.7 billion related to the liquidation of the portfolio of automotive retail leases. Average outstanding leases on-hand for combined GM and Old GM were 73,000 and 236,000 for the years ended December 31, 2009 and 2008.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Corporate Net Income (Loss) Attributable to Stockholders
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net income (loss) attributable to stockholders	$ (877)	$ 176	$123,902	$ (16,677)

GM

In the year ended December 31, 2010 results included: (1) Interest expense of $1.1 billion comprised of interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes, interest expense of $0.3 billion on GMNA debt, and interest expense of $0.4 billion on GMIO and GMSA debt; (2) income tax expense of $0.6 billion primarily related to tax expense attributable to profitable entities that do not have full valuation allowances recorded against deferred tax assets; (3) administrative expenses of $0.4 billion primarily related to consultants and services provided by outside companies; partially offset by (4) interest income of $0.4 billion earned primarily on marketable securities held in GMSA; (5) the reversal of our $0.2 billion liability for the Adjustment Shares; (6) a gain on extinguishment of debt of $0.2 billion related to our repayment of the outstanding amount of VEBA Notes of $2.8 billion; and (7) dividends of $0.1 billion on our investment in Ally Financial preferred stock.

In the period July 10, 2009 through December 31, 2009 results included: (1) foreign currency transaction gains of $0.3 billion due to the appreciation of the Canadian Dollar versus the U.S. Dollar; and (2) interest expense of $0.7 billion composed of interest expense of $0.3 billion on UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 results included: (1) centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 2 to the consolidated financial statements; (2) amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion; (3) a gain recorded on the UST Ally Financial Loan of $2.5 billion upon the UST's conversion of the UST Ally Financial Loan for Class B Common Membership Interests in Ally Financial, which gain resulted from the difference between the fair value and the carrying amount of the Ally Financial equity interests given to the UST in exchange for the UST Ally Financial Loan. The gain was partially offset by Old GM's proportionate share of Ally Financial's loss from operations of $1.1 billion; (4) a loss related to the extinguishment of the UST Ally Financial Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts into shares of Ally Financial's Class B Common Membership Interests; partially offset by (5) a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan; (6) interest expense of $0.8 billion on unsecured debt balances; (7) interest expense of $0.4 billion on the UST Loan Facility; and (8) interest expense of $0.2 billion on GMIO and GMSA debt.

In the year ended December 31, 2008 results included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial's Common Membership Interests; (2) charges of $4.8 billion related to the Delphi Benefit Guarantee Agreements; (3) interest expense of $2.5 billion primarily composed of interest expense of $1.6 billion on Old GM's unsecured bonds, interest expense of $0.4 billion on Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure and interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan; (4) income tax expense of $1.8 billion related to valuation allowances against deferred tax assets in South Korea, the United Kingdom, Spain, and Australia; (5) impairment charges of $1.0 billion related to Old GM's investment in Ally Financial's Preferred Membership Interests; (6) servicing fees, interest, and depreciation expenses of $1.0 billion on the portfolio of automotive retail leases; partially offset by (7) global interest income of $0.6 billion driven primarily by investments in GMSA and GME.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash, marketable securities and availability under our secured revolving credit facility will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward, which we plan to fund through available liquidity and cash flow from operations. Our known material future uses of cash include, among other possible demands: (1) pension and OPEB payments; (2) continuing capital expenditures; (3) spending to implement long-term cost savings and restructuring plans such as restructuring our Opel/Vauxhall operations and potential capacity reduction programs; (4) reducing our overall debt levels; (5) increase in accounts receivable due to the termination of a wholesale advance agreement with Ally Financial; and (6) certain South American income and indirect tax-related administrative and legal proceedings may require that we deposit funds in escrow or make payments which may range from $0.8 billion to $1.0 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled "Risk Factors," some of which are outside our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans.

Recent Initiatives

We continue to monitor and evaluate opportunities to optimize our liquidity position including actively evaluating the possible sale of non-core cost or equity method investments or other positions which could be significantly positive to our cash flow and/or earnings in the near-term.

In the year ended December 31, 2010 we made net investments of $5.4 billion in highly liquid marketable securities instruments with maturities exceeding 90 days. Previously, these funds would have been invested in short-term instruments less than 90 days and classified as a component of Cash and cash equivalents. Investments in these longer-term securities will increase the interest we earn on these investments. We continue to monitor our investment mix and may reallocate investments based on business requirements.

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result we have decided to fund the requirements of Opel/Vauxhall internally. Opel/Vauxhall subsequently withdrew all applications for government loan guarantees from European governments. Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

In October 2010 we completed our acquisition of AmeriCredit for cash of approximately $3.5 billion and changed the name from AmeriCredit to GM Financial. We funded the transaction using cash on hand.

The repayment of debt remains a key strategic initiative. We continue to evaluate potential debt repayments prior to maturity. Any such repayments may negatively affect our liquidity in the short-term. In 2010 GM Daewoo repaid in full and retired its $1.2 billion revolving credit facility. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion. In July 2010 our Russian subsidiary repaid a loan facility of $150 million to cure a technical default. In March and April 2010 we repaid the remaining amounts owed under the UST Loans of $5.7 billion and Canadian Loan of $1.3 billion.

As described more fully below in the section entitled "Secured Revolving Credit Facility" in October 2010 we entered into a $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility are needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility.

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. We received net proceeds from the Series B Preferred Stock offering of $4.9 billion. Refer to the section below entitled "Series B Preferred Stock Issuance" for additional detail.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In December 2010 we purchased 84 million shares of our Series A Preferred Stock, which accrued cumulative dividends at a 9.0% annual rate, from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount pursuant to an agreement that we entered into with the UST in October 2010. We purchased the Series A Preferred Stock from the UST on the first dividend payment date for the Series A Preferred Stock after the completion of our common stock offering, December 15, 2010.

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of $4.0 billion of cash in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011.

Under wholesale financing arrangements, our U.S. dealers typically borrow money from financial institutions to fund their vehicle purchases from us. Effective January 2011 we terminated a wholesale advance agreement which provided for accelerated receipt of payments made by Ally Financial on behalf of our U.S. dealers pursuant to Ally Financial's wholesale financing arrangements with dealers. Similar modifications were made in Canada. The wholesale advance agreements cover the period for which vehicles are in transit between assembly plants and dealerships. We will no longer receive payments in advance of the date vehicles purchased by dealers are scheduled to be delivered, resulting in an average increase of approximately $2.0 billion to our accounts receivable balance, depending on sales volumes and certain other factors, and the related costs under the arrangements were eliminated.

In January 2011 we withdrew our application for loans available under Section 136 of the EISA. This decision is consistent with our stated goal to minimize our outstanding debt.

Automotive

Available Liquidity

Available liquidity includes cash balances and marketable securities. At December 31, 2010 available liquidity was $26.6 billion, not including funds available under credit facilities of $5.9 billion or in the Canadian HCT escrow account of $1.0 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity using U.S. cash investments, cash held at our international treasury centers and available liquidity at consolidated overseas subsidiaries. The following table summarizes our liquidity (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Available liquidity	26,616	22,813
Available under credit facilities	5,919	618
Total available liquidity	32,535	23,431
UST and HCT escrow accounts (a)	1,008	13,430
Total liquidity including UST and HCT escrow accounts	$ 33,543	$ 36,861

(a) Classified as Restricted cash and marketable securities. Refer to Note 15 to our consolidated financial statements for additional information on the classification of the escrow accounts. The remaining funds held in the UST escrow account were released in April 2010 following the repayment of the UST Loans and Canadian Loan.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM

Total available liquidity increased by $9.1 billion in the year ended December 31, 2010 primarily due to positive cash flows from operating activities of $6.6 billion, investing activities less net marketable securities acquisitions of $6.1 billion and a $5.3 billion increase in amounts available under credit facilities, which were partially offset by negative cash flows from financing activities of $9.3 billion.

Total available liquidity increased by $2.5 billion in the period July 10, 2009 through December 31, 2009 due to positive cash flows from operating, financing and investing activities of $3.6 billion which were partially offset by a $1.1 billion reduction in our borrowing capacity on certain credit facilities. The decrease in credit facilities is primarily attributable to the November 2009 extinguishment of the German Facility.

Old GM

Total available liquidity increased by $6.0 billion in the period January 1, 2009 through July 9, 2009 due to positive cash flows from financing activities partially offset by negative cash flow from operating and investing activities for a net cash flow of $4.8 billion as well as an increase of $1.1 billion in available borrowing capacity under credit facilities. This was partially offset by repayments of secured lending facilities.

VEBA Assets

We transferred all of the remaining VEBA assets along with other consideration to the New VEBA within 10 business days after December 31, 2009, in accordance with the terms of the 2009 UAW Retiree Settlement Agreement. The VEBA assets were not consolidated after the settlement was recorded at December 31, 2009 because we did not hold a controlling financial interest in the entity that held such assets at that date. Under the terms of the 2009 UAW Retiree Settlement Agreement we had an obligation for VEBA Notes of $2.5 billion and accreted interest, at an implied interest rate of 9.0% per annum. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Under the terms of the 2009 UAW Retiree Settlement Agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 UAW Retiree Settlement Agreement.

Series B Preferred Stock Issuance

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. Each share of our Series B Preferred Stock is convertible at the option of the holder at any time prior to December 1, 2013 into 1.2626 shares of our common stock, and each share of Series B Preferred Stock will mandatorily convert on December 1, 2013 into a number of shares of our common stock ranging from 1.2626 to 1.5152 shares depending on the applicable market value of our common stock. The applicable market value of our common stock means the average of the closing prices per share of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. The conversion ratios for optional and mandatory conversions are subject to anti-dilution, make-whole and other adjustments. We received net proceeds from the issuances of $4.9 billion. We used these proceeds, along with $1.2 billion of cash on hand, to purchase our Series A Preferred Stock held by the UST in the amount of $2.1 billion and made a cash contribution to our U.S. hourly and salary pension plans in an amount of $4.0 billion.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

UST Loans and Canadian Loan

UST Loans

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion which Old GM incurred under its DIP Facility. Proceeds of the UST Credit Agreement of $16.4 billion were deposited in escrow to be distributed to us at our request upon certain conditions as outlined in the UST Credit Agreement. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion.

In November 2009 we signed an amendment to the UST Credit Agreement to provide for quarterly repayments of our UST Loans. Under this amendment, we agreed to make quarterly payments of $1.0 billion to the UST. In December 2009 and March 2010 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion. The UST Loans were repaid prior to maturity. Amounts borrowed under the UST Credit Agreement may not be reborrowed.

At December 31, 2009 $12.5 billion of the proceeds of the UST Credit Agreement remained deposited in escrow. Any unused amounts in escrow on June 30, 2010 were required to be used to repay the UST Loans and Canadian Loan on a pro rata basis if the loans were not paid in full. At December 31, 2009 the UST Loans and Canadian Loan were classified as short-term debt based on these terms.

Following the repayment of the UST Loans and the Canadian Loan, the remaining funds that were held in escrow became unrestricted and the availability of those funds is no longer subject to the conditions set forth in the UST Credit Agreement.

The UST Loans accrued interest equal to the greater of the three month London Interbank Offering Rates (LIBOR) rate or 2.0%, plus 5.0%, per annum, unless the UST determined that reasonable means did not exist to ascertain the LIBOR rate or that the LIBOR rate would not adequately reflect the UST's cost to maintain the loan. In such a circumstance, the interest rate would have been the greatest of: (1) the prime rate plus 4%; (2) the federal funds rate plus 4.5%; or (3) the three month LIBOR rate (which will not be less than 2%) plus 5%. We were required to prepay the UST Loans on a pro rata basis (among the UST Loans, VEBA Notes and Canadian Loan), in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. At December 31, 2009 the UST Loans accrued interest at 7.0%.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the EESA, including the Interim Final Rule, will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The UST Credit Agreement includes a vitality commitment which requires us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the United States is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use our commercially reasonable best efforts to ensure that the volume of United States manufacturing is the minimum variance from the projected manufacturing level that is

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

consistent with good business judgment and the intent of the commitment. This covenant survived our repayment of the UST Loans and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial Preferred Membership Interests previously held by Old GM in May 2009. At December 31, 2010 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants.

Refer to Note 19 to our consolidated financial statements for additional details on the UST Loans.

Canadian Loan

On July 10, 2009, through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In November 2009 we signed an amendment to the Canadian Loan Agreement to provide for quarterly repayments of the Canadian Loan. Under this amendment, we agreed to make quarterly repayments of $192 million to EDC. In December 2009 and March 2010 we made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. The Canadian Loan was repaid prior to maturity. GMCL cannot reborrow under the Canadian Loan Agreement. The Canadian Loan accrued interest at the greater of the three-month Canadian Dealer Offered Rate or 2.0%, plus 5.0% per annum. Accrued interest was payable quarterly. At December 31, 2009 the Canadian Loan accrued interest at 7.0%.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the NAFTA region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Refer to Note 19 to our consolidated financial statements for additional details on the Canadian Loan.

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the year ended December 31, 2010 (dollars in millions):

	Successor		
Description of Funding Commitment	January 1, 2010 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2010 Total Obligation
UST Loan	$ 5,712	$ (5,712)	$ —
Canadian Loan	1,233	(1,233)	—
Total	$ 6,945	$ (6,945)	$ —

(a) Includes an increase due to a foreign currency exchange loss on the Canadian loan of $56 million.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the period July 10, 2009 through December 31, 2009 (dollars in millions):

	Successor		
Description of Funding Commitment	July 10, 2009 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2009 Total Obligation
UST Loan (b)	$ 7,073	$ (1,361)	$ 5,712
Canadian Loan	1,292	(59)	1,233
Total	$ 8,365	$ (1,420)	$ 6,945

(a) Includes an increase due to a foreign currency exchange loss on the Canadian Loan of $133 million.

(b) Includes $361 million which the UST loaned to Old GM under the warranty program and which was assumed by GM and repaid on July 10, 2009.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	December 31, 2008 Through July 9, 2009		
Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Funding			
UST Loan Agreement	$ 19,761	$ 1,172	$ 20,933
DIP Facility — UST (b)	30,100	2,008	32,108
Total UST Funding (c)	49,861	3,180	53,041
EDC Funding			
EDC funding (d)	6,294	161	6,455
DIP Facility — EDC	3,200	213	3,413
Total EDC Funding	9,494	374	9,868
Total UST and EDC Funding	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also does not include amounts advanced under the UST GMAC Loan as the UST exercised its option to convert this loan into GMAC Preferred Membership Interests previously held by Old GM in May 2009.

(d) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the effect of the 363 Sale on the amounts owed to the UST and the EDC under the UST Loan Agreement, the DIP Facility and the EDC Loan Facility (dollars in millions):

	363 Sale		
	Total Obligation	Effect of 363 Sale	GM Obligation Subsequent to 363 Sale
Description of Funding Commitment			
Total UST Funding	$ 53,041	$(45,968)	$ 7,073
Total EDC Funding	9,868	(8,576)	1,292
Total UST and EDC Funding	$ 62,909	$(54,544)	$ 8,365

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo. If the secured revolving credit facility is rated investment grade by two or more of the credit rating agencies (S&P, Moody's and Fitch) the requirement to provide collateral is eliminated.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under ERISA;
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for facilities of this nature.

Credit Facilities

We make use of credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. These credit facilities are typically held at the subsidiary level and are geographically dispersed across all regions. The following tables summarize our committed and uncommitted credit facilities at the dates indicated (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Committed	$ 6,142	$ 1,712	$ 5,475	$ 223
Uncommitted	490	842	444	395
Total	$ 6,632	$ 2,554	$ 5,919	$ 618

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
Credit Facilities	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Secured Revolving Credit Facility	$ 5,000	$ —	$ 5,000	$ —
GM Daewoo	—	1,179	—	—
Brazil	466	425	2	77
GM Hong Kong	400	200	370	200
Other(a)	766	750	547	341
Total	$ 6,632	$ 2,554	$ 5,919	$ 618

(a) Consists of credit facilities available primarily at our foreign subsidiaries that are not individually significant.

At December 31, 2010 we had committed credit facilities of $6.1 billion, under which we had borrowed $667 million leaving $5.5 billion available. The secured revolving credit facility comprised $5.0 billion of the amounts available under committed credit

Table of Contents

facilities and other committed credit facilities had $475 million available. At December 31, 2010 we had uncommitted credit facilities of $490 million, under which we had borrowed $46 million leaving $444 million available. Uncommitted credit facilities include lines of credit which are available to us, but under which the lenders have no legal obligation to provide funding upon our request. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

In 2010 GM Daewoo repaid in full and retired its Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility.

At December 31, 2009 we had committed credit facilities of $1.7 billion, under which we had borrowed $1.5 billion leaving $223 million available. Of these committed credit facilities GM Daewoo comprised $1.2 billion and other entities had $0.5 billion. At December 31, 2009 we had uncommitted credit facilities of $842 million, under which we had borrowed $447 million leaving $395 million available.

At December 31, 2009 our largest credit facility was GM Daewoo's Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility. The average interest rate on outstanding amounts under this facility at December 31, 2009 was 5.69%. At December 31, 2009 the facility was fully utilized with $1.2 billion outstanding.

Restricted Cash and Marketable Securities

Following the repayment of the UST Loans and the Canadian Loan in April 2010 as previously discussed, the remaining UST escrow funds of $6.6 billion were released from escrow and became unrestricted as the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Pursuant to an agreement among GMCL, EDC and an escrow agent we had $1.0 billion remaining in an escrow account at December 31, 2010 to fund certain of GMCL's healthcare obligations pending the satisfaction of certain preconditions which have not yet been met.

In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009.

Cash Flow

Operating Activities

GM

In the year ended December 31, 2010 we had positive cash flows from operating activities of $6.6 billion primarily due to: (1) Net income of $6.4 billion, which included non-cash charges of $7.1 billion resulting from depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) dividends received of $0.7 billion primarily related to our China JVs; partially offset by (3) pension contributions and OPEB payments of $5.7 billion primarily related to voluntary contributions to U.S. hourly and salary pension plans of $4.0 billion; (4) payments on our previously announced restructuring programs of $1.3 billion partially offset by net charges of $0.6 billion; (5) dealer wind-down payments of $0.4 billion; and (6) unfavorable changes in working capital of $0.6 billion. The unfavorable changes in working capital were related to increases in accounts receivables, inventories and the completion of a change to weekly payment terms to our suppliers, partially offset by an increase in accounts payable related to increased production volumes.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from operating activities of $1.1 billion primarily due to: (1) favorable managed working capital of $5.7 billion primarily driven by the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion primarily to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring payments of $1.2 billion; (6) interest payments of $0.6 billion and (7) sales allowance payments in excess of current period accruals for sales incentives of $0.5 billion driven by a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from operating activities of $18.3 billion primarily due to: (1) net loss of $8.4 billion excluding Reorganization gains, net, and depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) change in accrued liabilities of $6.8 billion; (3) unfavorable managed working capital of $5.6 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

In the year ended December 31, 2008 Old GM had negative cash flows from operating activities of $12.1 billion on a Loss from continuing operations of $31.1 billion. Operating cash flows were unfavorably affected by lower volumes and the resulting losses in North America and Western Europe, including the effect that lower production volumes had on working capital balances, and postretirement benefit payments.

Investing Activities

GM

In the year ended December 31, 2010 we had positive cash flows from investing activities of $0.7 billion primarily due to: (1) a net decrease in Restricted cash and marketable securities of $13.0 billion primarily related to withdrawals from the UST Credit Agreement escrow account; (2) proceeds from the liquidation of operating leases of $0.3 billion; (3) proceeds received from the sale of Nexteer of $0.3 billion; (4) proceeds from the sale of property, plants and equipment of $0.2 billion; partially offset by (5) net investments in marketable securities with maturities greater than 90 days of $5.4 billion; (6) capital expenditures of $4.2 billion; and (7) the acquisition of AmeriCredit for $3.5 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from investing activities of $2.2 billion primarily due to: (1) a reduction in Restricted cash and marketable securities of $5.2 billion primarily related to withdrawals from the UST escrow account; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) an increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on Ally Financial common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from investing activities of $21.1 billion primarily due to: (1) increase in Restricted cash and marketable securities of $18.0 billion driven primarily by the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in Ally Financial of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

In the year ended December 31, 2008 Old GM had negative cash flows from investing activities of $1.8 billion primarily related to: (1) capital expenditures of $7.5 billion; (2) an increase in notes receivable of $0.4 billion; partially offset by (3) liquidations of operating leases of $3.6 billion; (4) net liquidations of marketable securities in an amount of $2.1 billion; (5) proceeds for the sale of real estate, plants and equipment of $0.3 billion; and (6) proceeds from the sale of business units and equity investments of $0.2 billion.

Table of Contents

Financing Activities

GM

In the year ended December 31, 2010 we had negative cash flows from financing activities of $9.3 billion primarily due to: (1) repayments on the UST Loans and Canadian Loan of $5.7 billion and $1.3 billion; (2) principal payments on the VEBA Notes of $2.5 billion; (3) purchase of the Series A Preferred Stock shares from the UST of $2.1 billion; (4) repayment of GM Daewoo's revolving credit facility of $1.2 billion; (5) dividend payments on our Series A Preferred Stock of $0.8 billion; (6) payments on the Receivables Program of $0.2 billion; (7) debt issuance fees of $0.2 billion primarily related to establishing our secured revolving credit facility; (8) net payments on other debt of $0.2 billion; partially offset by (9) proceeds from the issuance of Series B Preferred Stock of $4.9 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from financing activities of $0.3 billion primarily due to: (1) funding of $4.0 billion from the EDC which was converted to our equity; partially offset by (2) payments on the UST Loans of $1.4 billion (including payments of $0.4 billion related to the warranty program); (3) net payments on the German Facility of $1.1 billion; (4) net payments on other debt of $0.4 billion; (5) a net decrease in short-term debt of $0.4 billion; (6) payment on the Canadian Loan of $0.2 billion; (7) net payments on the program announced in March 2009 by the UST to provide financial assistance to automotive suppliers (Receivables Program) of $0.1 billion; and (8) dividend payments on our Series A Preferred Stock of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from financing activities of $44.2 billion primarily due to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Facility and UST Ally Financial Loan of $16.6 billion; (3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on other debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

In the year ended December 31, 2008 Old GM had positive cash flows from financing activities of $3.8 billion primarily related to: (1) borrowings on debt facilities of $5.9 billion; (2) borrowing on the UST Loan Facility of $4.0 billion; partially offset by (3) a net decrease in short-term debt of $4.1 billion; (4) debt repayments of $1.7 billion; and (5) dividend payments on Old GM common stock of $0.3 billion.

Net Liquid Assets

Management believes the use of net liquid assets provides meaningful supplemental information regarding our liquidity. We believe net liquid assets is useful in allowing for greater transparency of supplemental information used by management in its financial and operational decision making to assist in identifying resources available to meet cash requirements. Our calculation of net liquid assets may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of net liquid assets has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Cash and cash equivalents and Debt. Due to these limitations, net liquid assets is used as a supplement to U.S. GAAP measures.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes net liquid assets balances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
UST Credit Agreement escrow and HCT escrow	1,008	13,430
Total liquid assets	27,624	36,243
Short-term debt and current portion of long-term debt	(1,616)	(10,221)
Long-term debt	(3,014)	(5,562)
Net liquid assets	$ 22,994	$ 20,460

Total liquid assets of $27.6 billion exceeded our debt balances by $23.0 billion at December 31, 2010. The net liquid asset balance of $23.0 billion at December 31, 2010 represented an increase of $2.5 billion compared to a net liquid assets balance of $20.5 billion at December 31, 2009. The change was due to an increase of $5.4 billion in Marketable securities and a decrease of $11.2 billion in Short-term and Long-term debt, partially offset by a reduction of $12.4 billion in the UST Credit Agreement and the HCT escrow balances and a reduction of $1.6 billion in Cash and cash equivalents. The decrease in Short-term and Long-term debt primarily related to: (1) repayment in full of the UST Loans of $5.7 billion; (2) repayment in full of the VEBA Notes (together with accrued interest thereon)of $2.8 billion; (3) repayment in full of the Canadian Loan of $1.3 billion; (4) repayment in full of the GM Daewoo revolving credit facility of $1.2 billion; and (5) repayment in full of the loans related to the Receivables Program of $0.2 billion.

Other Liquidity Issues

Receivables Program

In March 2009 the UST announced that it would provide up to $5.0 billion in financial assistance to automotive suppliers by guaranteeing or purchasing certain of the receivables payable by Old GM and Chrysler LLC. The Receivables Program was to be funded by a loan facility of up to $2.5 billion provided by the UST and by capital contributions from us up to $125 million. In connection with the 363 Sale, we assumed the obligation of the Receivables Program. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

Loan Commitments

We have extended loan commitments to affiliated companies and critical business partners. These commitments can be triggered under certain conditions and expire in the years ranging from 2011 to 2014. At December 31, 2010 we had a total commitment of $600 million outstanding with no amounts loaned.

Status of Credit Ratings

We have been assigned initial ratings by four independent credit rating agencies: Dominion Bond Rating Services (DBRS), Fitch Ratings (Fitch), Moody's Investor Service (Moody's), and Standard & Poor's (S&P). The ratings indicate the agencies' assessment of a company's creditworthiness such as its ability to timely pay principal and interest on debt securities, dividends on preferred securities and other contractual obligations. Lower credit ratings generally represent higher borrowing costs and reduced access to capital markets for a company. The agencies consider a number of business and financial factors when determining ratings including, but not limited to, our competitive position, sustainability of our profits and cash flows, our balance sheet and liquidity profile and our ability to meet obligations under adverse economic scenarios.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

DBRS, Moody's, Fitch, and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at February 15, 2011:

Rating Agency	Corporate	Secured Revolving Credit Facility	Senior Unsecured	Outlook
DBRS	BB	BBB (low)	N/A	Stable
Fitch	BB-	BB+	N/A	Stable
Moody's	Ba2	Baa3	N/A	Stable
S&P	BB-	BB+	N/A	Positive

Rating actions taken by each of the credit rating agencies from October 6, 2010 through February 15, 2011 were as follows:

DBRS: October 2010 — Assigned an initial Corporate rating of BB and a rating of BBB (low) to our secured revolving credit facility.

Fitch: October 2010 — Assigned an initial Corporate rating of BB- (affirmed in November 2010) and a rating of BB+ to our secured revolving credit facility.

Moody's: October 2010 — Assigned an initial Corporate rating of Ba2 and assigned a rating of Baa3 to our secured revolving credit facility.

S&P: October 2010 — Assigned an initial Corporate rating of BB- and a rating of BB+ to our secured revolving credit facility. February 2011 — Outlook revised to positive from stable.

The initial ratings assigned by the agencies are an important step towards our objective to attain an investment grade credit rating over the long-term by maintaining a strong balance sheet and reducing financial leverage.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. As a practical matter, our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions and collections, recoveries on finance receivables and net proceeds from senior notes and convertible senior notes transactions. GM Financial's primary uses of cash are purchases of finance receivables, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities, repurchases of unsecured debt and operating expenses.

GM Financial used cash of $0.9 billion for the purchase of finance receivables in the three months ended December 31, 2010. Generally, these purchases are funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in millions):

	Successor December 31, 2010
Cash and cash equivalents	$ 195
Borrowing capacity on unpledged eligible receivables	272
Total liquidity	$ 467

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges receivables to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy. The following table summarizes credit facilities at December 31, 2010 (dollars in millions):

	Successor	
	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$ 1,300	$ 278
Medium-term note facility (b)		490
Bank funding facilities (c)		64
Total		$ 832

(a) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(b) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(c) The revolving period under this facility has ended and the outstanding debt balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities and securitization notes payable. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or, with respect to the syndicated warehouse facility, restrict GM Financial's ability to obtain additional borrowings.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Non-Cash Charges (Gains)

The following table summarizes significant non-cash charges (gains) (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ 7,099
Impairment charges related to investment in Ally Financial common stock	—	270	—	—
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	1,001
Net curtailment gain related to finalization of the 2008 UAW Settlement Agreement	—	—	—	(4,901)
Net contingent Adjustment Shares issuable to MLC	(162)	162	—	—
Salaried post-65 healthcare settlement	—	—	—	1,704
Impairment charges related to equipment on operating leases	49	18	63	759
Impairment charges related to long-lived assets	240	2	566	1,010
Impairment charges related to investments in equity and cost method investments	—	4	28	119
Other than temporary impairments charges related to debt and equity securities	—	—	11	62
Impairment charges related to goodwill	—	—	—	610
Gain on the acquisition of GMS	(66)	—	—	—
UAW OPEB healthcare settlement	—	2,571	—	—
CAW settlement	—	—	—	340
Loss (gain) on extinguishment of debt	—	—	(906)	—
Loss on extinguishment of UST Ally Financial Loan	—	—	1,994	—
Gain on conversion of UST Ally Financial Loan	—	—	(2,477)	—
Reorganization gains, net	—	—	(128,563)	—
Valuation allowances against deferred tax assets (a)	(63)	(63)	(751)	1,450
Total significant non-cash charges (gains)	$ (2)	$ 2,964	$(130,035)	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period. Refer to Note 23 to the consolidated financial statements.

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2010 all legal funding requirements had been met.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$ 4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$ 4,872	$ 4,318	$ 586	$ 1,067

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of cash of $4.0 billion in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011.

The following table summarizes the underfunded status of pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. hourly and salaried	$ 11.5	$ 16.2
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	12.4	17.1
Non-U.S.	9.8	10.3
Total underfunded	$ 22.2	$ 27.4

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $12.4 billion and $17.1 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to the actual return on plan assets of $11.6 billion and contributions of $4.1 billion, partially offset by actuarial losses primarily attributable to discount rate decreases of $5.3 billion and service and interest costs of $5.7 billion.

On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $9.8 billion and $10.3 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to: (1) actual return on plan assets of $1.2 billion; (2) employer contributions and benefit payments of $0.8 billion; (3) net favorable foreign currency translations of $0.3 billion; partially offset by (4) service and interest costs of $1.6 billion; and (5) actuarial losses and other of $0.2 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the underfunded status of OPEB plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. OPEB plans	$ 5.7	$ 5.8
Non-U.S. OPEB plans.	4.2	3.8
Total underfunded	$ 9.9	$ 9.6

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2011	$ 8,765	$ 1,460	$ 451	$ 189
2012	$ 8,463	$ 1,461	$ 427	$ 199
2013	$ 8,186	$ 1,480	$ 407	$ 209
2014	$ 7,999	$ 1,513	$ 391	$ 220
2015	$ 7,855	$ 1,534	$ 379	$ 231
2016-2020	$36,033	$ 7,889	$ 1,796	$ 1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement, which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Off-Balance Sheet Arrangements

We do not currently utilize off balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2010 and 2009.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $581 million at December 31, 2010. The maximum potential obligation under these commitments was $1.0 billion at December 31, 2009.

In May 2009 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends in August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $18.8 billion at December 31, 2010. This amount was estimated to be $14.2 billion at December 31, 2009. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $21 million and $46 million at December 31, 2010 and 2009 which considers the likelihood of dealers terminating and estimated the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 22 and 32 to our consolidated financial statements for additional information on guarantees we have provided.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2010 (dollars in millions):

	Payments Due by Period				
	2011	2012-2013	2014-2015	2016 and after	Total
Automotive debt (a)	$ 1,488	$ 1,014	$ 160	$ 3,209	$ 5,871
Automotive Financing debt (b)	3,495	2,658	766	—	6,919
Capital lease obligations	127	138	99	297	661
Automotive interest payments (c)	169	280	308	683	1,440
Automotive Financing interest payments (d)	175	146	40	1	362
Postretirement benefits (e)	469	164	—	—	633
Contractual commitments for capital expenditures	1,165	2	—	—	1,167
Operating lease obligations (f)	460	609	401	492	1,962
Other contractual commitments:					
Material	1,071	1,541	322	73	3,007
Information technology	956	156	16	—	1,128
Marketing	761	393	200	136	1,490
Facilities	146	151	65	10	372
Rental car repurchases	4,309	—	—	—	4,309
Policy, product warranty and recall campaigns liability	2,884	3,151	790	206	7,031
Other	87	33	—	—	120
Total contractual commitments (g) (h) (i)	$17,762	$10,436	$3,167	$ 5,107	$36,472
Non-contractual postretirement benefits (j)	$ 171	$ 1,078	$1,221	$21,182	$23,652

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2010.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes and convertible senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the current interest rate in effect at December 31, 2010.

(d) GM Financial interest payments are calculated based on LIBOR plus the respective credit spreads and specified fees associated with the medium-term note facility and the syndicated warehouse facility, the coupon rate for the senior notes and convertible senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements for 2011 and Canada labor agreements through 2012 and 2013. Amounts do not include pension funding obligations, which are discussed below under the caption "Required Pension Funding Obligations."

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2010.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2010.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2011 to 2014 related to our Opel/Vauxhall restructuring plan.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2010 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Required Pension Funding Obligations."

The table above does not reflect unrecognized tax benefits of $5.2 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts. We expect to settle a contested income tax matter in GMSA for cash of $0.2 billion in 2011.

The table above also does not reflect certain contingent loan and funding commitments that we have made with suppliers, other third parties and certain joint ventures. At December 31, 2010 we had commitments of $0.6 billion under these arrangements that were undrawn.

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the PPA of 2006 will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. The PPA also provides the flexibility of selecting a 3-Segment rate up to the preceding five months from the valuation date of October 1, 2010, i.e., the 3-Segment rate at May 31, 2010. Therefore, for a hypothetical funding valuation at December 31, 2010 we have assumed the 3-Segment rate at May 31, 2010 as the base for funding interest rate that we could use for the actual funding valuation. Since this hypothetical election does not limit us to only using the 3-Segment rate beyond 2010, we have assumed that we retain the flexibility of selecting a funding interest rate based on either the Full Yield Curve method or the 3-Segment method. A hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation, and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016.

Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation and assuming the December 31, 2010 3-Segment interest rate for all future valuation projects contributions of $0.3 billion in 2016.

In both cases, we have assumed that the pension plans earn the expected return of 8.0% in the future and no changes in funding rates. U.S. pension funding interest rate and return on assets rate sensitivity are shown below, assuming the 3-segment rate at May 31, 2010 for plan year beginning on October 1, 2010 funding valuation and the full yield curve interest rate for all future valuations (in billions):

	Funding Interest Rate Sensitivity Table					
	50 basis point increase	25 basis point increase	Base Line	25 basis point decrease	50 basis point decrease	Estimated Return on Assets– 7% - 100 basis point decrease
2011	$ —	$ —	$ —	$ —	$ —	$ —
2012	$ —	$ —	$ —	$ —	$ —	$ —
2013	$ —	$ —	$ —	$ —	$ —	$ —
2014	$ —	$ —	$ —	$ —	$ 0.5	$ —
2015	$ —	$ 0.7	$ 2.3	$ 4.0	$ 5.1	$ 3.1
2016	$ 0.7	$ 1.5	$ 1.2	$ 1.0	$ 0.8	$ 2.9

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at $2.2 billion for funding purposes. This was a voluntary contribution and the amount is reflected in the plan assets used to project the future required contributions above since the contributed shares qualify as a plan asset for funding purposes immediately. The contributed shares will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011.

The hypothetical valuations do not consider the potential election of relief provisions that are available to us under the Pension Relief Act of 2010 (PRA) for 2010 and 2011 plan year valuations.

We expect to contribute $95 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2011.

Fair Value Measurements

Automotive

At December 31, 2010 assets and liabilities classified in Level 3 were not significant. Prior to the three months ended December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, were as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk was not observable through a liquid credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants. In the three months ended December 31, 2010 we incorporated our published credit agency ratings into our credit rating conclusions. In the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents a significant input in the determination of the fair value of our foreign currency derivative liabilities. We have transferred these liabilities to Level 2.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Level 3 Assets and Liabilities

At December 31, 2010 we used Level 3 inputs to measure net liabilities of $14 million (or less than 0.1%) of our total liabilities. These net liabilities included $10 million (or less than 0.1%) of the total assets, and $24 million (or 16.4%) of the total liabilities that we measured at fair value.

In the year ended December 31, 2010 assets and liabilities measured using Level 3 inputs decreased $658 million from a net liability of $672 million to a net liability of $14 million. This reduction was primarily due to unrealized and realized gains on derivatives, the settlement of derivative positions according to their terms and maturities and the reclassification of outstanding derivative contracts from Level 3 to Level 2 during the three months ended December 31, 2010.

At December 31, 2010 our nonperformance risk remains unobservable through a liquid credit default swap market. During the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents significant input in the determination of the fair value of our derivatives. The effect of our nonperformance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million from Level 3 to Level 2.

At December 31, 2009 we used Level 3 inputs to measure net liabilities of $672 million (or 0.6%) of our total liabilities. These net liabilities included $33 million (or 0.1%) of the total assets, and $705 million (or 98.7%) of the total liabilities (all of which were derivative liabilities) that we measured at fair value. At December 31, 2009 we also included a nonperformance risk adjustment of $47 million in the fair value measurement of these derivatives which reflects a discount of 6.5% to the fair value before considering our credit risk.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

For periods presented from June 1, 2009 through September 30, 2009 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. Foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the year ended December 31, 2010 and the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Automotive Financing

At December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, are as follows:

- Interest rate swaps – Level 3 inputs are used to determine the fair value of GM Financial's interest rate swaps because they are not exchange traded but instead traded in over-the-counter markets where quoted market prices are not readily available. The fair value of derivatives is derived using models that primarily use market observable inputs, such as interest rate yield curves and credit curves. The effects of GM Financial's and the counterparties' non-performance risk to the derivative trades is considered when measuring the fair value of derivative assets and liabilities.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments, and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following tables summarize dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010	Year Ended December 31, 2010 Total
Series A Preferred Stock (a)	$ 202	$ 203	$ 202	$ 203	$ 810
Series B Preferred Stock (b)	—	—	—	—	—
Total Preferred Stock dividends paid	$ 202	$ 203	$ 202	$ 203	$ 810

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST.

(b) At December 31, 2010 cumulative unpaid dividends on our Series B Preferred Stock was $25 million.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Three Months Ended December 31, 2009	July 10, 2009 Through September 30, 2009	July 10, 2009 Through December 31, 2009
Series A Preferred Stock (a)	$ 203	$ 146	$ 349

(a) Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 UAW Retiree Settlement Agreement. As a result, $105 million of the $146 million of dividends paid in the three months ended September 30, 2009 and $147 million of the $203 million dividends paid in the three months ended December 31, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry SAAR of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analysis. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 to our consolidated financial statements for additional discussion of Restricted cash and marketable securities.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related obligations were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" (ASC 712) and ASC 715 and deferred income taxes were recorded in accordance with ASC 740.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 to our consolidated financial statements for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

The following table summarizes the approximate effects that a change in the WACC and long-term growth rate assumptions would have had on our determination of the fair value of our common equity at July 10, 2009 keeping all other assumptions constant (dollars in billions except per share amounts):

Change in Assumption	Effect on Fair Value of Common Equity at July 10, 2009		Effect on Per Share Value at July 10, 2009	
Two percentage point decrease in WACC	+$	2.9	+$	2.35
Two percentage point increase in WACC	–$	2.4	–$	1.92
One percentage point increase in long-term growth rate	+$	0.5	+$	0.40
One percentage point decrease in long-term growth rate	–$	0.5	–$	0.37

In order to estimate these effects, we adjusted the WACC and long-term growth rate assumptions for each of Old GM's former segments and for certain subsidiaries. The aggregated effect of these assumption changes on each of Old GM's former segments and for certain subsidiaries does not necessarily correspond to assumption changes made at a consolidated level.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. Due to significant events, including those discussed in Note 20 to our consolidated financial statements, certain of the pension plans were remeasured at various dates in the year ended December 31, 2010, the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008.

Net pension expense is calculated based on the expected return on plan assets and not the actual return on plan assets. The expected return on U.S. plan assets that is included in pension expense is determined from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated return assumptions for equities and equity-like asset classes. Differences between the expected return on plan assets and the actual return on plan assets are recorded in Accumulated other comprehensive income (loss) as an actuarial gain or loss, and subject to possible amortization into net pension expense over future periods. A market-related value of plan assets, which averages gains and losses over a period of years, is utilized in the determination of future pension expense. For substantially all pension plans, market-related value is defined as an amount that initially recognizes 60.0% of the difference between the actual fair value of assets and the expected calculated value, and 10.0% of that difference over each of the next four years. The market-related value of assets at December 31, 2010 used to determine U.S. and non-U.S. net periodic pension income for the year ending December 31, 2011 was $4.1 billion and $0.3 billion lower than the actual fair value of plan assets at December 31, 2010.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM used an iterative process to determine the discount rate based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. pension obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which U.S. pension obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 92% of the non-U.S. pension benefit obligation at December 31, 2010. The discount rates for Canadian plans are determined using a cash flow matching approach, similar to the U.S. approach. The discount rates for plans in the United Kingdom and Germany use a curve derived from high quality corporate bonds with maturities consistent with the plans' underlying duration of expected benefit payments.

The following table summarizes rates used to determine net pension expense:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average expected long-term rate of return on U.S. plan assets	8.48%	8.50%	8.50%	8.50%
Weighted-average expected long-term rate of return on non-U.S. plan assets	7.42%	7.97%	7.74%	7.78%
Weighted-average discount rate for U.S. plan obligations	5.36%	5.63%	6.27%	6.56%
Weighted-average discount rate for non-U.S. plan obligations	5.19%	5.82%	6.23%	5.77%

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial gain (before tax) on pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
Unamortized actuarial gain	$ 2.9	$ 3.0

The following table summarizes the actual and expected return on pension plan assets (dollars in billions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. actual return	$ 11.6	$ 9.9	$ (0.2)	$ (11.4)
U.S. expected return	$ 6.6	$ 3.0	$ 3.8	$ 8.0
Non-U.S. actual return	$ 1.2	$ 1.2	$ 0.2	$ (2.9)
Non-U.S. expected return	$ 1.0	$ 0.4	$ 0.4	$ 1.0

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	Successor			
	U.S. Plans		Non-U.S. Plans	
	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
25 basis point decrease in discount rate	–$ 110	+$ 2,540	–$ 7	+$ 714
25 basis point increase in discount rate	+$ 90	–$ 2,470	+$ 10	–$ 677
25 basis point decrease in expected return on assets	+$ 210	—	+$ 35	—
25 basis point increase in expected return on assets	–$ 210	—	–$ 35	—

The U.S. pension plans generally provide covered U.S. hourly employees hired prior to October 15, 2007 with pension benefits of negotiated, flat dollar amounts for each year of credited service earned by an individual employee. Early retirement supplements are also provided to those who retire prior to age 62. Hourly employees hired after October 15, 2007 participate in a cash balance pension plan. Formulas providing for such stated amounts are contained in the applicable labor contract. Pension expense and the pension obligations do not consider any future benefit increases or decreases that may occur beyond current labor contracts. The usual cycle for negotiating new labor contracts is every four years. We do not have a past practice of maintaining a consistent level of benefit increases or decreases from one contract to the next.

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S hourly pension plan at December 31, 2010, as a result of changes in future benefit units for U.S. hourly employees, effective after the expiration of the current contract (dollars in millions):

	Successor	
Change in future benefit units	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
One percentage point increase in benefit units	+$ 81	+$ 240
One percentage point decrease in benefit units	–$ 79	–$ 233

We utilize a variety of pricing sources to estimate the fair value of our pension assets, including: independent pricing vendors, dealer or counterparty supplied valuations, third party appraisals, appraisals prepared by investment managers, or investment sponsor or third party administrator supplied net asset value (or its equivalent) per share (NAV) used as a practical expedient.

A significant portion of our pension assets are classified in Level 3. Pension assets for which fair value is determined through the use of NAV and for which we may not have the ability to redeem our entire investment with the investee at NAV as of the measurement date or in the near-term, are classified in Level 3. We classify pension assets that include significant unobservable inputs in Level 3.

Significant assets classified in Level 3, with the related Level 3 inputs to the valuation that may be subject to volatility and change, and additional considerations for leveling, are as follows:

- Government, agency and corporate debt securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Table of Contents

- Group annuity contracts – The value of each group annuity contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by these accounts. The separately managed investment accounts, which typically calculate NAV, and underlying assets are valued in accordance with the valuation policies of the respective insurers. Inherent restrictions that do not allow redemption of our entire investment at NAV at the measurement date or in the near-term are the primary considerations for these investments being classified in Level 3.

- Agency and non-agency mortgage and other asset-backed securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs typically consist of prepayment curves, discount rates, default assumptions and recovery rates. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

- Investment funds, private equity and debt investments, and real estate assets — The funds and certain special purpose entities valued using NAV, and in which we may not have the ability to redeem our entire investment with the investee at NAV at the measurement date or in near-term, are classified in Level 3. The Level 3 inputs for these investments include NAV provided by the investment sponsor or third party administrator. When NAV was not used as a practical expedient, the fair value estimates provided by investment sponsors are used. These fair value estimates are reviewed, and in cases where these estimates do not represent fair value they may be adjusted by management based on changes in the composition or performance of the underlying investments or comparable investments, overall market conditions, and other economic factors. Such fair value adjustments at December 31, 2009 and 2010 were not significant.

Refer to Note 4 to our consolidated financial statements for a more detailed discussion of the inputs used to determine fair value for each significant asset class or category.

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. Old GM estimated the discount rate using an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. OPEB obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which the U.S. OPEB obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

Beginning in September 2008, the discount rate used for the benefits to be paid from the UAW retiree medical plan during the period September 2008 through December 2009 was based on a yield curve which used projected cash flows of representative high-quality AA rated bonds matched to spot rates along a yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. All other U.S. OPEB plans started using a discount rate based on a yield curve on July 10, 2009. The UAW retiree medical plan was settled on December 31, 2009 and the plan assets were contributed to the New VEBA as part of the payment terms under the 2009 UAW Retiree Settlement Agreement. We are released from UAW retiree healthcare claims incurred after December 31, 2009.

The significant non-U.S. OPEB plans cover Canadian employees. The discount rates for the Canadian plans are determined using a cash flow matching approach, similar to the U.S. OPEB plans.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes the weighted-average discount rate used to determine net OPEB expense for the significant plans:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average discount rate for U.S. plans	5.57%	6.81%	8.11%	7.02%
Weighted-average discount rate for non-U.S. plans	5.22%	5.47%	6.77%	5.90%

As a result of modifications made as part of the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2010 and, therefore, the healthcare cost trend rate no longer has a significant effect in the U.S. An estimate is developed of the healthcare cost trend rates used to value benefit obligations for non-U.S. plans through review of historical retiree cost data and near-term healthcare outlook which includes appropriate cost control measures that have been implemented. Changes in the healthcare cost trend rate can have significant effect on the actuarially determined obligation and related OPEB expense.

The following table summarizes the healthcare cost trend rates used in the remeasurement of the APBO:

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans (a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates based on the last remeasurement of the benefit plans at December 31, 2010 (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$ 31	+$ 491
One percentage point decrease	–$ 25	–$ 392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Layoff Benefits

UAW employees are provided with reduced wages and continued coverage under certain employee benefit programs through the SUB and TSP job security programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. Considerable management judgment and assumptions are required in calculating the related liability, including productivity initiatives, capacity actions and federal and state unemployment payments. The assumptions for the related benefit costs include the incidence of mortality, retirement, turnover and the healthcare trend rate, which are applied on a consistent basis with other U.S. hourly benefit plans. While we believe our judgments and assumptions are reasonable, changes in the assumptions underlying these estimates, which we revise each quarter, could result in a material effect on the financial statements in a given period.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Deferred Taxes / Valuation Allowances

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

Though objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions, we are experiencing positive evidence trends in various jurisdictions. South Korea and Australia are farther ahead in this trend of sustained operating profits and taxable income. U.S. and Canada operations are showing early signs of this positive evidence trend, and Germany, Spain and the United Kingdom operations are not yet experiencing such a favorable shift. To the extent this trend continues, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of some or all of the valuation allowances.

Refer to Note 23 to our consolidated financial statements for additional information regarding deferred taxes and valuation allowances.

Valuation of Vehicle Operating Leases and Lease Residuals

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from nine months to five years. A customer is obligated to make payments during the term of a lease to the contract residual. A customer is not obligated to purchase a vehicle at the end of a lease, and we are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Residual values are initially determined by consulting independently published residual value guides. Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the leased vehicle. Additionally, for automotive retail leases, an adjustment may also be made to the estimate of sales incentive accruals for residual support and risk sharing programs initially recorded when the vehicles are sold.

With respect to residual values of automotive leases to daily rental car companies, due to the short-term nature of the operating leases, Old GM historically had forecasted auction proceeds at lease termination. In the three months ended December 31, 2008 forecasted auction proceeds in the United States differed significantly from actual auction proceeds due to highly volatile economic conditions, in particular a decline in consumer confidence and available consumer credit, which affected the residual values of vehicles at auction. Due to these significant uncertainties, Old GM determined that it no longer had a reliable basis to forecast auction proceeds in the United States and began utilizing current auction proceeds to estimate the residual values in the impairment analysis for the automotive leases to daily rental car companies, which is consistent with Old GM's impairment analyses for automotive retail leases. As a result of this change in estimate, Old GM recorded an incremental impairment charge of $144 million in the three months ended December 31, 2008 related to the automotive leases to daily rental car companies.

The following table summarizes recorded impairment charges related to automotive retail leases to daily rental car companies and automotive retail leases (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Automotive retail leases to daily rental car companies	$ 49	$ 18	$ 47	$ 382
Automotive retail leases (a)	$ —	$ —	$ 16	$ 377

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

We continue to use the lower of forecasted or current auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated. Significant differences will also affect the residual support and risk sharing reserves established as a result of certain agreements with Ally Financial, whereby Ally Financial is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio. During the year ended December 31, 2010 we recorded favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion in the U.S. due to increases in estimated residual values.

The following table illustrates the effect of changes in our estimate of vehicle sales proceeds at lease termination on residual support and risk sharing reserves related to vehicles owned by Ally Financial at December 31, 2010 and 2009 holding all other assumptions constant (dollars in millions):

	Successor	
	December 31, 2010 Effect on Residual Support and Risk Sharing Reserves	December 31, 2009 Effect on Residual Support and Risk Sharing Reserves
10% increase in vehicle sales proceeds	–$ 73	–$ 534
10% decrease in vehicle sales proceeds	+$ 196	+$ 381

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Due to the contractual terms of our residual support and risk sharing agreements with Ally Financial, which currently limit our maximum obligation to Ally Financial should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds.

The following table summarizes the maximum obligation and recorded receivables and liabilities associated with the contractual terms of our residual support and risk sharing agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Maximum obligation		
Residual support	$ 523	$ 1,159
Risk sharing agreements	$ 692	$ 1,392
Outstanding receivables (liabilities)		
Residual support	$ 24	$ (369)
Risk sharing agreements	$ (269)	$ (366)

When a lease vehicle is returned or repossessed by us, the asset is recorded at the lower of cost or estimated selling price, less cost to sell.

Impairment of Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment in the fourth quarter of each year for all reporting units, or more frequently if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied value. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level.

At December 31, 2010 we had goodwill of $31.8 billion, which predominately arose upon the application of fresh-start reporting and the acquisition of AmeriCredit. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. In conjunction with the acquisition of GM Financial in October 2010, we recorded $1.3 billion of acquisition related goodwill, including $153 million recorded at the acquisition-date to establish a valuation allowance for deferred taxes which was not applicable to GM Financial on a stand-alone basis.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing and in evaluating whether it is more likely than not that a goodwill impairment exists for reporting units with zero or negative carrying values. An event-driven impairment test is required if it is more likely than not that the fair value of a reporting unit is less than its net book value. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments. Refer to Note 4 to our consolidated financial statements for additional information related to the adoption of ASU 2010-28, "Intangibles, Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units."

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Future goodwill impairments could occur should the fair value-to-U.S. GAAP adjustments differences decrease. Goodwill predominately resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts would decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP adjustments differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill.

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share.

During the three months ended December 31, 2010 we performed our annual goodwill impairment testing for all reporting units. Based on this testing, we determined that goodwill was not impaired. The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2 to our consolidated financial statements, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures. The following table summarizes the key assumptions for each of our more significant reporting units utilized in our 2010 annual goodwill impairment testing as of October 1, 2010 (dollars and volumes in millions):

	Goodwill Amount as of October 1, 2010	WACC	Long-Term Growth Rates	Industry Sales		Market Share	
				2011	2014	2011	2014
GMNA	$ 26,410	16.5%	1.5%	15.9	20.2	18.5%	18.2%
GME	$ 3,096	17.0%	0.5%	18.4	21.3	6.8%	7.6%
GM Daewoo (a)	$ 632	16.0%	3.0%	77.9	91.8	1.2%	1.4%
Holden	$ 186	14.5%	3.0%	1.0	1.1	12.4%	13.5%
GM Mercosur	$ 120	15.3%	4.7%	4.6	5.4	18.6%	17.0%

(a) Industry sales volume and market share for GM Daewoo are based on global industry volumes as GM Daewoo exports vehicles globally.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

The WACCs considered various factors including bond yields, risk premiums, and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond 2014; and industry sales and a market share for each reporting unit included annual estimates through 2014, except for GME which is through 2015.

Our fair value estimates assume the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

In calculating the fair values of our more significant reporting units during our 2010 annual goodwill impairment testing, keeping all other assumptions constant, the carrying values of these reporting units would still exceed their estimated fair values had our WACC increased by 16.5 percentage points for GMNA, 7 percentage points for GME, 11 percentage points for GM Daewoo, 13.5 percentage points for Holden and 8.7 percentage points for GM Mercosur.

In the three months ended June 30, 2010 there were event-driven changes in circumstances within our GME reporting unit that warranted the testing of goodwill for impairment. In the three months ended June 30, 2010 anticipated competitive pressure on our margins in the near- and medium-term led us to believe that the goodwill associated with our GME reporting unit may be impaired. Utilizing the best available information at June 30, 2010, the date of impairment measurement, we performed a Step 1 goodwill impairment test for our GME reporting unit, and concluded that goodwill was not impaired. The fair value of our GME reporting unit was estimated to be approximately $325 million over its carrying amount. If we had not passed Step 1, we believe the amount of any goodwill impairment would approximate $140 million representing the net decrease, from July 9, 2009 through June 30, 2010, in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill.

Refer to Notes 13 and 26 to our consolidated financial statements for additional information on goodwill impairments.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived assets are tested for impairment at the platform level. Non-product line specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs. Refer to Note 26 to our consolidated financial statements for additional information on impairments of long-lived assets and intangibles.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, equity investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary we consider and Old GM considered such factors as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the equity affiliate, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is based upon valuation techniques that use, where possible, market-based inputs. Generally, fair value is estimated using a combination of the income approach and the market approach because circumstances usually do not permit the use of a single approach. Under the income approach, estimated future cash flows are discounted at a rate commensurate with the risk involved using marketplace assumptions. Under the market approach, valuations are based on actual comparable market transactions and market earnings and book value multiples for the same or comparable entities. The assumptions used in the income and market approaches have a significant effect on the determination of fair value. Significant assumptions include estimated future cash flows, appropriate discount rates, and adjustments to market transactions and market multiples for differences between the market data and the investment being valued. Changes to these assumptions could have a significant effect on the valuation of cost and equity method investments.

In the three months ended December 31, 2009 we recorded impairment charges related to our investment in Ally Financial common stock of $270 million. We determined the fair value of our investment in Ally Financial common stock using a market multiple, sum-of-the-parts methodology. This methodology considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's operations, which were then aggregated to determine Ally Financial's overall fair value. Based on our analysis, the estimated fair value of our investment in Ally Financial common stock was determined to be $970 million, resulting in an impairment charge of $270 million. The following table illustrates the effect of a 0.1 change in the average price/tangible book value multiple on our impairment charge (dollars in millions):

Change in Assumption	Effect on December 31, 2009 Impairment Charges
Increase in average price/tangible book value multiple	+$ 100
Decrease in average price/tangible book value multiple	–$ 100

At December 31, 2010 the balance of our investment in Ally Financial common stock was $964 million and the balance of our investment in Ally Financial preferred stock was $665 million.

Derivatives

Derivatives are used in the normal course of business to manage exposures arising from market risks resulting from changes in certain commodity prices and interest and foreign currency exchange rates. Derivatives are accounted for in the consolidated balance sheets as assets or liabilities at fair value.

Significant judgments and estimates are used in estimating the fair values of derivative instruments, particularly in the absence of quoted market prices. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and December 31, 2009, our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009, all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010, we have determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. As of December 31, 2010 all automotive operations derivatives have been classified in Level 2.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific

Table of Contents

model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 4 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The financial viability and ability to borrow of our key suppliers and their ability to provide systems, components and parts without disruption;
- Our ability to take actions we believe are important to our long-term strategy, including our ability to enter into certain material transactions outside of the ordinary course of business, which may be limited due to significant covenants in our secured revolving credit facility;
- Our ability to manage the distribution channels for our products, including our ability to consolidate our dealer network;
- The ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates in the United States, Canada and the other markets in which we operate to support our ability to sell vehicles in those markets, which is dependent on Ally Financial's ability to obtain funding and which may be suspended by Ally Financial if Ally Financial's credit exposure to us exceeds certain limitations provided in our operating arrangements with Ally Financial;
- Our ability to develop captive financing capability, including through GM Financial and to successfully integrate GM Financial into our operations;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets;
- Continued economic instability or poor economic conditions in the United States and global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Automotive

We and Old GM entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is comprised of members of our Management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our risk management policy. Our prior policy was intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is primarily to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

A discussion of our and Old GM's accounting policies for derivative financial instruments is included in Note 4 to our consolidated financial statements. Further information on our exposure to market risk is included in Note 21 to our consolidated financial statements.

Old GM's credit standing and liquidity position in the first half of 2009 and the Chapter 11 Proceedings severely limited its ability to manage risks using derivative financial instruments as most derivative counterparties were unwilling to enter into transactions with Old GM. Subsequent to the 363 Sale and through December 31, 2009, we were largely unable to enter forward contracts pending the completion of negotiations with potential derivative counterparties. Since August 2010 we executed new agreements with counterparties that enable us to enter into options, forward contracts and swaps.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have and Old GM had foreign currency exposures related to buying, selling, and financing in currencies other than the functional currencies of the operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2010 such contracts have remaining maturities of up to 12 months. At December 31, 2010 our three most significant foreign currency exposures are the Euro/British Pound, U.S. Dollar/Korean Won, and Euro/Korean Won.

At December 31, 2010 and 2009 the net fair value liability of financial instruments with exposure to foreign currency risk was $3.3 billion and $5.9 billion. This presentation utilizes a population of foreign currency exchange derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $513 million and $941 million at December 31, 2010 and 2009.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are and Old GM was exposed to foreign currency risk due to the translation of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial position.

The following table summarizes the amounts of automotive foreign currency translation and transaction gains (losses) (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Foreign currency translation gain (loss) recorded in accumulated other comprehensive income (loss)	$ 235	$ 157	$ 232
Foreign currency transaction gain (loss) recorded in earnings	$ (209)	$ (755)	$ (1,077)

Interest Rate Risk

We are and Old GM was subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

Interest rate risk in Old GM was managed primarily with interest rate swaps. The interest rate swaps Old GM entered into usually involved the exchange of fixed for variable rate interest payments to effectively convert fixed rate debt into variable rate debt in order to achieve a target range of variable rate debt. At December 31, 2010 we did not have any interest rate swap derivative positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate	1,311	9,629
Total short-term debt	$ 1,616	$ 10,221
Short-term debt — fixed rate denominated in U.S. dollars	$ 96	$ 232
Short-term debt — fixed rate denominated in foreign currency	209	360
Total short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate denominated in U.S. dollars	$ 347	$ 6,253
Short-term debt — variable rate denominated in foreign currency	964	3,376
Total short-term debt — variable rate	$ 1,311	$ 9,629
Long-term debt — fixed rate	$ 2,519	$ 4,689
Long-term debt — variable rate	495	873
Total long-term debt	$ 3,014	$ 5,562
Long-term debt — fixed rate denominated in U.S. dollars	$ 601	$ 3,401
Long-term debt — fixed rate denominated in foreign currency	1,918	1,288
Total long-term debt – fixed rate	$ 2,519	$ 4,689
Long-term debt — variable rate denominated in U.S. dollars	$ 287	$ 551
Long-term debt — variable rate denominated in foreign currency	208	322
Total long-term debt — variable rate	$ 495	$ 873

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

At December 31, 2010 and 2009 the fair value liability of debt and capital leases was $4.8 billion and $16.0 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $166 million and $402 million at December 31, 2010 and 2009.

At December 31, 2010 we had $6.6 billion in marketable securities with exposure to interest rate risk. We invest in securities of various types and maturities, the value of which are subject to fluctuations in interest rates. The potential decrease in fair value from a 50 basis point increase in interest rates would be $15 million at December 31, 2010. Our exposure to interest rate risk on marketable securities at December 31, 2009 was insignificant.

Commodity Price Risk

We are and Old GM was exposed to changes in prices of commodities used in the automotive business, primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. Old GM entered into various derivatives, such as commodity swaps and options, to offset its commodity price exposures. We use commodity options to offset our commodity price exposures.

At December 31, 2010 and 2009 the net fair value asset of commodity derivatives was $84 million and $11 million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $47 million and $6 million at December 31, 2010 and 2009. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

We are and Old GM was exposed to changes in prices of equity securities held. We typically do not attempt to reduce our market exposure to these equity instruments. Our exposure includes certain investments we hold in warrants of other companies. At December 31, 2010 and 2009 the fair value of these warrants was $44 million and $25 million. At December 31, 2010 and 2009 our exposure also includes investments of $43 million and $45 million in equity securities recorded at fair value. These amounts represent the maximum exposure to loss from these investments.

At December 31, 2010, the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and Ally Financial preferred stock were $964 million and $665 million. At December 31, 2009 the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and preferred stock were $970 million and $665 million. These amounts represent the maximum exposure to loss from these investments.

Counterparty Risk

We are exposed to counterparty risk on derivative contracts, which is the loss we could incur if a counterparty to a derivative contract defaulted. We enter into agreements with counterparties that allow the set-off of certain exposures in order to manage this risk.

Our counterparty risk is managed by our Risk Management Committee, which establishes exposure limits by counterparty. We monitor and report our exposures to the Risk Management Committee on a periodic basis. At December 31, 2010 a majority of all of our counterparty exposures are with counterparties that are rated A or higher.

Concentration of Credit Risk

We are exposed to concentration of credit risk primarily through holding cash and cash equivalents (which include money market funds), short- and long-term investments and derivatives. As part of our risk management process, we monitor and evaluate the credit standing of the financial institutions with which we do business. The financial institutions with which we do business are generally highly rated and geographically dispersed.

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

We are exposed to credit risk related to the potential inability to access liquidity in money market funds we invested in if the funds were to deny redemption requests. As part of our risk management process, we invest in large funds that are managed by reputable financial institutions. We also follow investment guidelines to limit our exposure to individual funds and financial institutions.

Automotive Financing

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities. The purchaser of the interest rate cap pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated cap rate. The purchaser of the interest rate cap bears no obligation or liability if interest rates fall below the cap rate. As part of GM Financial's interest rate risk management strategy and when economically feasible, it may simultaneously enter into a corresponding interest rate cap agreement in order to offset the premium paid by the trust to purchase the interest rate cap and thus retain the interest rate risk. The fair value of the interest rate cap purchased is included in Total GM Financial Assets and the fair value of the interest rate cap agreement sold is included in Total GM Financial Liabilities.

Securitizations

The interest rate demanded by investors in GM Financial's securitization transactions depends on prevailing market interest rates for comparable transactions and the general interest rate environment. GM Financial utilizes several strategies to minimize the effect of interest rate fluctuations on its gross interest rate margin, including the use of derivative financial instruments and the regular sale or pledging of automotive receivables to securitization trusts.

In GM Financial's securitization transactions, it transfers fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. The fixed rates on securities issued by the trusts are indexed to market interest rate swap spreads for transactions of similar duration or various LIBOR rates and do not fluctuate during the term of the securitization. The floating rates on securities issued by the trusts are indexed to LIBOR and fluctuate periodically based on movements in LIBOR. Derivative financial instruments, such as interest rate swap and cap derivatives, are used to manage the gross interest rate spread on these transactions. GM Financial uses interest rate swap derivatives to convert the variable rate exposures on securities issued by its securitization trusts to a fixed rate, thereby locking in the gross interest rate spread to be earned by it over the life of a securitization. Interest rate swap derivatives purchased by GM Financial do not affect the amount of cash flows received by holders of the asset-backed securities issued by the trusts. The interest rate swap derivative serve to offset the effect of increased or decreased interest paid by the trusts on floating rate asset-backed securities on the cash flows received from the trusts. GM Financial utilizes such arrangements to modify its net interest sensitivity to levels deemed appropriate based on risk tolerance. In circumstances where the interest rate risk is deemed to be tolerable, usually if the risk is less than one year in term at inception, GM Financial may choose not to hedge potential fluctuations in cash flows due to changes in interest rates. Its special purpose entities are contractually required to purchase a derivative financial instrument to protect the net spread in connection with the issuance of floating rate securities even if GM Financial chooses not to hedge its future cash flows. Although the interest rate cap derivatives are purchased by the trusts, cash outflows from the trusts ultimately affect GM Financial's retained interests in the securitization transactions as cash expended by the securitization trusts will decrease the ultimate amount of cash to be received by GM Financial. Therefore, when economically feasible, GM Financial may simultaneously sell a corresponding interest rate cap derivative to offset the premium paid

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

by the trust to purchase the interest rate cap derivative. The fair value of the interest rate cap derivatives purchased in connection with securitization transactions are included in Total GM Financial Assets and the fair value of the interest rate cap derivatives sold are included in Total GM Financial Liabilities. Changes in the fair value of the interest rate cap derivatives are a component of interest expense recorded in GM Financial operating expenses and other.

GM Financial has entered into interest rate swap derivatives to hedge the variability in interest payments on eight of its active securitization transactions. Portions of these interest rate swap derivatives are designated and qualify as cash flow hedges. The fair value of interest rate swap derivatives designated as hedges is included in GM Financial Other liabilities. Interest rate swap derivatives that are not designated as hedges are included in GM Financial Other assets.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2010 (dollars in millions):

	Years Ending December 31,						December 31, 2010
	2011	2012	2013	2014	2015	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,755	$2,434	$1,287	$ 678	$ 372	$ 161	$ 8,186
Weighted-average annual percentage rate	15.74%	15.66%	15.57%	15.36%	15.21%	15.37%	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 23
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 177	$ 164	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.81%	4.73%	4.71%	4.53%	4.18%	3.47%	
Liabilities							
Credit facilities							
Principal amounts	$ 533	$ 296	$ —	$ —	$ —	$ —	$ 832
Weighted-average interest rate	3.19%	2.28%	—	—	—	—	
Securitization notes							
Principal amounts	$2,961	$1,703	$ 659	$ 423	$ 275	$ —	$ 6,107
Weighted-average interest rate	3.44%	4.03%	4.44%	4.38%	4.88%	—	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 68	$ —	$ 71
Weighted-average interest rate	—	—	—	—	8.50%	—	
Convertible senior notes							
Principal amounts	$ 1	$ —	$ 1	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	0.75%	—	2.13%	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 47
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 104	$ 123	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.94%	4.85%	4.71%	4.53%	4.18%	3.47%	

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

GM Financial estimates the realization of financing receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Notional amounts on interest rate swap and cap derivatives are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swap and cap derivatives, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of GM Financial's exposure to loss through its use of these derivatives.

GM Financial monitors hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that these strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on GM Financial's profitability. GM Financial does not enter into derivative transactions for speculative purposes.

* * * * * * *

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting in Item 9A. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of General Motors Company and subsidiaries as of and for the year ended December 31, 2010 (Successor). Our report dated March 1, 2011 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to the Successor's adoption of a revised accounting standard related to consolidation principles.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Detroit, Michigan
March 1, 2011

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2010 (Successor) and 2009 (Successor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the Consolidated Statements of Operations, Cash Flows and Equity (Deficit) of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2010 (Successor) and 2009 (Successor) and the results of their operations and their cash flows for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the results of operations and cash flows of General Motors Corporation and Subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 4 to the consolidated financial statements, the Successor adopted amendments to Accounting Standards Codification (ASC) Topic 810, *Consolidation*, effective January 1, 2010.

As discussed in Note 2 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with ASC Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

As discussed in Note 4 to the consolidated financial statements, the Predecessor adopted amendments to ASC Topic 805, *Business Combinations*, effective January 1, 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2011 expressed an unqualified opinion on the Successor's internal control over financial reporting.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP
Detroit, Michigan
March 1, 2011

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

Item 8. ***Financial Statements and Supplementary Data***

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$ 135,142	$57,329	$ 46,787	$ 147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net (Note 2)	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (Note 29)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$109,118	$ (30,943)
Earnings (loss) per share (Note 30)				
Basic				
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Weighted-average common shares outstanding	1,500	1,238	611	579
Diluted				
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)
Weighted-average common shares outstanding	1,624	1,238	611	579
Cash dividends per common share	$ —	$ —	$ —	$ 0.50

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	Successor December 31, 2010	Successor December 31, 2009
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010; Note 7)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$ 138,898	$ 136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010; Note 17)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010; Note 17)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010; Note 17)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable (Note 19)	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies (Note 22)		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$ 138,898	$ 136,295

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from operating activities				
Net income (loss)	$ 6,503	$ (3,786)	$ 109,003	$ (31,051)
Less: GM Financial income	90	—	—	—
Automotive income (loss)	6,413	(3,786)	109,003	(31,051)
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities				
Depreciation, impairment charges and amortization expense	6,923	4,511	6,873	18,724
Delphi charges	—	—	—	4,797
Foreign currency translation and transaction (gain) loss	209	755	1,077	(1,705)
Amortization of discount and issuance costs on debt issues	163	140	3,897	189
(Gain) loss related to Saab deconsolidation and bankruptcy filing	—	(59)	478	—
Undistributed earnings of nonconsolidated affiliates	(753)	(497)	1,036	(727)
Pension contributions and OPEB payments	(5,723)	(5,832)	(2,472)	(4,898)
Pension and OPEB expense, net	412	3,570	3,234	2,747
Withdrawals (contributions) to VEBA	—	(252)	9	1,355
(Gain) loss on extinguishment of debt	(196)	101	1,088	—
Gain on disposition of Ally Financial Common Membership Interests	—	—	(2,477)	—
Reorganization gains, net (including cash payments $408)	—	—	(128,563)	—
Provisions (benefits) for deferred taxes	242	(1,427)	(600)	1,163
Change in other investments and miscellaneous assets	(137)	292	596	(395)
Change in other operating assets and liabilities, net of acquisitions and disposals (Note 36)	(981)	3,372	(10,229)	94
Other	17	176	(1,253)	(2,358)
Net cash provided by (used in) operating activities–Automotive	6,589	1,064	(18,303)	(12,065)
Net income–GM Financial	90	—	—	—
Adjustments to reconcile income to net cash provided by operating activities	86	—	—	—
Change in operating assets and liabilities	15	—	—	—
Net cash provided by operating activities–GM Financial	191	—	—	—
Net cash provided by (used in) operating activities	6,780	1,064	(18,303)	(12,065)

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from investing activities				
Expenditures for property	(4,200)	(1,862)	(3,517)	(7,530)
Available-for-sale marketable securities, acquisitions	(11,012)	—	(202)	(3,771)
Trading marketable securities, acquisitions	(358)	(158)	—	—
Available-for-sale marketable securities, liquidations	5,611	3	185	5,866
Trading marketable securities, liquidations	343	168	—	—
Acquisition of companies, net of cash acquired other than cash acquired with GM Financial	(3,580)	(2,127)	—	(1)
Increase due to consolidation of business units	63	222	46	—
Distributions from (investments in) Ally Financial	—	72	(884)	—
Operating leases, liquidations	346	564	1,307	3,610
Proceeds from sale of business units/equity investments, net	317	—	—	232
Proceeds from sale of real estate, plants and equipment	188	67	38	347
Change in notes receivable	46	61	(23)	(430)
Increase in restricted cash and marketable securities	(871)	(3,604)	(18,461)	(87)
Decrease in restricted cash and marketable securities	13,823	8,775	418	—
Other investing activities	2	(25)	(41)	—
Net cash provided by (used in) investing activities–Automotive	718	2,156	(21,134)	(1,764)
GM Financial cash on hand at acquisition	538	—	—	—
Purchase of receivables	(947)	—	—	—
Principal collections and recoveries on receivables	871	—	—	—
Other investing activities	53	—	—	—
Net cash provided by (used in) investing activities–GM Financial	515	—	—	—
Net cash provided by (used in) investing activities	1,233	2,156	(21,134)	(1,764)
Cash flows from financing activities				
Net decrease in short-term debt	(1,097)	(352)	(2,364)	(4,100)
Proceeds from issuance of debt (original maturities greater than three months)	718	6,153	53,949	9,928
Payments on debt (original maturities greater than three months)	(10,536)	(5,259)	(6,072)	(1,702)
Proceeds from issuance of stock	4,857	—	—	—
Payments to purchase stock	(1,462)	—	—	—
Cash, cash equivalents and restricted cash retained by MLC	—	—	(1,216)	—
Payments to acquire noncontrolling interest	(6)	(100)	(5)	—
Debt issuance costs and fees paid for debt modification	(161)	—	(63)	—
Cash dividends paid (including premium paid on redemption of stock)	(1,572)	(97)	—	(283)
Net cash provided by (used in) financing activities–Automotive	(9,259)	345	44,229	3,843
Net change in credit facilities	212	—	—	—
Issuance of debt	700	—	—	—
Payments of debt	(1,419)	—	—	—
Other financing activities	(4)	—	—	—
Net cash provided by (used in) financing activities–GM Financial	(511)	—	—	—
Net cash provided by (used in) financing activities	(9,770)	345	44,229	3,843
Effect of exchange rate changes on cash and cash equivalents–Automotive	(57)	492	168	(778)
Net increase (decrease) in cash and cash equivalents–Automotive	(2,009)	4,057	4,960	(10,764)
Net increase (decrease) in cash and cash equivalents–GM				

Financial	195	—	—	—
Cash and cash equivalents reclassified as assets held for sale–Automotive	391	(391)	—	—
Cash and cash equivalents at beginning of period–Automotive	22,679	19,013	14,053	24,817
Cash and cash equivalents at end of period–Automotive	$ 21,061	$22,679	$ 19,013	$ 14,053
Cash and cash equivalents at end of period–GM Financial	$ 195	$ —	$ —	$ —

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retained Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance at December 31, 2007, Predecessor	$ —	$ —	$ 943	$ 16,100	$ (39,426)	$ (13,987)	$ 1,218		$ (35,152)
Net income (loss)	—	—	—	—	(30,943)	—	(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)									
Foreign currency translation loss	—	—	—	—	—	(1,155)	(161)	(1,316)	
Cash flow hedging losses, net	—	—	—	—	—	(811)	(420)	(1,231)	
Unrealized loss on securities	—	—	—	—	—	(298)	—	(298)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(16,088)	—	(16,088)	
Other comprehensive income (loss)	—	—	—	—	—	(18,352)	(581)	(18,933)	(18,933)
Comprehensive income (loss)								$ (49,984)	
Effects of Ally Financial adoption of ASC 820 and ASC 825	—	—	—	—	(76)	—	—		(76)
Stock options	—	—	—	32	1	—	—		33
Common stock issued for settlement of Series D debentures	—	—	74	357	—	—	—		431
Cash dividends paid to Old GM common stockholders	—	—	—	—	(283)	—	—		(283)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(46)		(46)
Other	—	—	—	—	—	—	1		1
Balance December 31, 2008, Predecessor	—	—	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)	—	—	—	—	109,118	—	(115)	$ 109,003	109,003
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	—	—	46	—	46	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(3,408)	—	(3,408)	
Other comprehensive income (loss)	—	—	—	—	—	(3,031)	92	(2,939)	(2,939)
Comprehensive income (loss)								$ 106,064	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(26)		(26)
Other	—	—	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retain Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:									
Elimination of predecessor common stock, capital surplus and accumulated deficit	—	—	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	—	—	35,370	—		35,370
Issuance of GM common stock	—	—	12	18,779	—	—	—		18,791
Balance July 10, 2009 Successor	—	—	12	18,779	—	—	408		19,199
Net income (loss)	—	—	—	—	(4,297)	—	511	$ (3,786)	(3,786)
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	157	(33)	124	
Cash flow hedging losses, net	—	—	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	—	—	2	—	2	
Defined benefit plans, net (Note 29)	—	—	—	—	—	1,430	—	1,430	
Other comprehensive income (loss)	—	—	—	—	—	1,588	(33)	1,555	1,555
Comprehensive income (loss)								$ (2,231)	
Common stock related to settlement of UAW hourly retiree medical plan	—	—	3	4,933	—	—	—		4,936
Common stock warrants related to settlement of UAW hourly retiree medical plan	—	—	—	220	—	—	—		220
Participation in GM Daewoo equity rights offering	—	—	—	108	—	—	(108)		—
Purchase of noncontrolling interest in CAMI	—	—	—	—	—	—	(100)		(100)
Cash dividends paid on Series A Preferred Stock	—	—	—	—	(97)	—	—		(97)
Other	—	—	—	—	—	—	30		30
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957
Net income	—	—	—	—	6,172	—	331	$ 6,503	6,503
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	223	(13)	210	
Cash flow hedging losses, net	—	—	—	—	—	(22)	—	(22)	
Unrealized loss on securities	—	—	—	—	—	(7)	—	(7)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(545)	—	(545)	
Other comprehensive income (loss)	—	—	—	—	—	(351)	(13)	(364)	(364)
Comprehensive income (loss)								$ 6,139	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—		5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—		4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)		(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)		(6)
Sale of businesses	—	—	—	—	—	14	(18)		(4)
Stock-based compensation	—	—	—	216	—	—	—		216
Effect of adoption of amendments to ASC 810 regarding variable interest entities (Note 4)	—	—	—	—	—	—	76		76
Cash dividends paid on Series A Preferred Stock and Cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—		(1,512)
Other	—	—	—	—	—	—	(13)		(13)
Balance December 31, 2010, Successor	$ 5,536	$ 4,855	$ 15	$ 24,257	$ 266	$ 1,251	$ 979		$ 37,159

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

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM,” and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as “Old GM.” Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in these consolidated financial statements for the periods on or after July 10, 2009 as “MLC.” MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit Corp. (AmeriCredit), an automotive finance company which we subsequently renamed General Motors Financial Company, Inc. (GM Financial).

We develop, produce and market cars, trucks and parts worldwide. We also conduct finance operations through GM Financial. These financing operations consist principally of financing automobile purchases and leases for retail customers.

We analyze the results of our business through our five segments, which are GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial) (formerly GMAC Inc.), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements (as subsequently defined in Note 20) and a portfolio of automotive retail leases.

We own a 9.9% equity interest in Ally Financial, which is accounted for as a cost method investment because we cannot exercise significant influence. Ally Financial provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Note 2. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM’s market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM’s liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM’s liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into a loan and security agreement with the UST, which was subsequently amended (UST Loan Agreement). In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and
- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;

- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;

- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;

Table of Contents

- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the Canadian Auto Workers Union (CAW) to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$ 19,761	$ 1,172	$ 20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$ 59,355	$ 3,554	$ 62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was composed of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue Adjustment Shares to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where estimated general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 that Old GM incurred under its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan).

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 19 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation (formerly 7176384 Canada Inc.), a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through the power to vote for the election of our directors, over various matters, which could include compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. As such, upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and capping the pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and

Table of Contents

- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share based on vehicle sales volumes as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 for additional discussion of Restricted cash and marketable securities.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved. Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$ 141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

in goodwill. Our employee related obligations were recorded in accordance with ASC 712, "Compensation-Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation Benefits" (ASC 715) and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes" (ASC 740).

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Effect of 363 Sale Transaction and Application of Fresh-Start Reporting

The following table summarizes the adjustments to Old GM's consolidated balance sheet as a result of the 363 Sale and the application of fresh-start reporting and presents our consolidated balance sheet at July 10, 2009 (dollars in millions):

	Predecessor July 9, 2009	Reorganization via 363 Sale Adjustments	Fresh-Start Reporting Adjustments	Successor after Reorganization via 363 Sale and Fresh-Start Reporting Adjustments July 10, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,054	$ (41)	$ —	$ 19,013
Marketable securities	139	—	—	139
Total cash and marketable securities	19,193	(41)	—	19,152
Restricted cash and marketable securities	20,290	(1,175)	—	19,115
Accounts and notes receivable, net	8,396	3,859	(79)	12,176
Inventories	9,802	(140)	(66)	9,596
Equipment on operating leases, net	3,754	2	90	3,846
Other current assets and deferred income taxes	1,874	75	69	2,018
Total current assets	63,309	2,580	14	65,903
Non-Current Assets				
Restricted cash and marketable securities	1,401	(144)	—	1,257
Equity in net assets of non consolidated affiliates	1,972	4	3,822	5,798
Equipment on operating leases, net	23	—	3	26
Property, net	36,216	(137)	(17,579)	18,500
Goodwill	—	—	30,464	30,464
Intangible assets, net	210	—	15,864	16,074
Deferred income taxes	79	550	43	672
Prepaid pension	121	—	(24)	97
Other assets	1,244	(12)	1,946	3,178
Total non-current assets	41,266	261	34,539	76,066
Total Assets	$ 104,575	$ 2,841	$ 34,553	$ 141,969
LIABILITIES AND EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable (principally trade)	$ 13,067	$ (42)	$ 42	$ 13,067
Short-term debt and current portion of long-term debt	43,412	(30,179)	(56)	13,177
Postretirement benefits other than pensions	187	1,645	124	1,956
Accrued liabilities	25,607	(81)	(1,132)	24,394
Total current liabilities	82,273	(28,657)	(1,022)	52,594
Non-Current Liabilities				
Long-term debt	4,982	(977)	(1,488)	2,517
Postretirement benefits other than pensions	3,954	14,137	310	18,401
Pensions	15,434	14,432	2,113	31,979
Liabilities subject to compromise	92,611	(92,611)	—	—
Other liabilities and deferred income taxes	14,449	278	811	15,538
Total non-current liabilities	131,430	(64,741)	1,746	68,435
Total Liabilities	213,703	(93,398)	724	121,029
Preferred stock	—	1,741	—	1,741
Equity (Deficit)				
Old GM				
Preferred stock	—	—	—	—
Preference stock	—	—	—	—
Common stock	1,018	—	(1,018)	—
Capital surplus (principally additional paid-in capital)	16,494	—	(16,494)	—
General Motors Company				
Common stock	—	12	—	12
Capital surplus (principally additional paid-in capital)	—	18,779	—	18,779
Retained earnings (Accumulated deficit)	(91,602)	63,492	28,110	—
Accumulated other comprehensive income (loss)	(35,370)	12,295	23,075	—
Total stockholders' equity (deficit)	(109,460)	94,578	33,673	18,791
Noncontrolling interests	332	(80)	156	408
Total equity (deficit)	(109,128)	94,498	33,829	19,199
Total Liabilities and Equity (Deficit)	$ 104,575	$ 2,841	$ 34,553	$ 141,969

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Reorganization Via 363 Sale Adjustments

The following table summarizes the reorganization adjustments previously discussed including the liabilities that were extinguished or reclassified from Liabilities subject to compromise as part of the 363 Sale (dollars in millions):

	UST (a)	Canada Holdings (b)	New VEBA (c)	Pension and OPEB (d)	MLC (e)	Other (f)	Total
Assets MLC retained, net	$ —	$ —	$ —	$ —	$ 1,797	$ —	$ 1,797
Accounts payable (principally trade)	—	—	—	—	(42)	—	(42)
Short-term debt and current portion of long-term debt extinguished	(31,294)	(5,972)	—	—	(1,278)	—	(38,544)
Short-term debt and current portion of long-term debt assumed	7,073	1,292	—	—	—	—	8,365
Net reduction to short-term debt and current portion of long-term debt	(24,221)	(4,680)	—	—	(1,278)	—	(30,179)
Postretirement benefits other than pensions, current	—	—	1,409	236	—	—	1,645
Accrued liabilities	(54)	—	—	219	(310)	64	(81)
Total current liabilities	(24,275)	(4,680)	1,409	455	(1,630)	64	(28,657)
Long-term debt extinguished	—	—	—	—	(977)	—	(977)
Postretirement benefits other than pensions, non-current	—	—	10,547	3,590	—	—	14,137
Pensions	—	—	—	14,432	—	—	14,432
Liabilities subject to compromise	(20,824)	—	(19,687)	(23,453)	(28,553)	(94)	(92,611)
Other liabilities and deferred income taxes	—	—	—	391	(184)	71	278
Total liabilities	(45,099)	(4,680)	(7,731)	(4,585)	(31,344)	41	(93,398)
Accumulated other comprehensive income balances relating to entities MLC retained	—	—	—	—	(21)	—	(21)
Additional EDC funding	—	(3,887)	—	—	—	—	(3,887)
Fair value of preferred stock issued	1,462	279	—	—	—	—	1,741
Fair value of common stock issued	12,076	2,324	—	—	1,986	—	16,386
Fair value of warrants	—	—	—	—	2,405	—	2,405
Release of valuation allowances and other tax adjustments	—	—	—	—	—	(751)	(751)
Reorganization gain	(31,561)	(5,964)	(7,731)	(4,585)	(25,177)	(710)	(75,728)
Amounts attributable to noncontrolling interests	—	—	—	—	(80)	—	(80)
Amounts recorded in Accumulated other comprehensive income as part of Reorganization via 363 Sale adjustments	—	—	7,731	4,585	—	—	12,316
Total retained earnings adjustment	$(31,561)	$ (5,964)	$ —	$ —	$(25,257)	$ (710)	$(63,492)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Liabilities owed to the UST under the UST Loan Agreement of $20.6 billion, with accrued interest of $251 million, and under the DIP Facility of $30.9 billion with accrued interest of $54 million and borrowings related to the warranty program of $361 million were extinguished in connection with the 363 Sale through the assumption of the UST Loans of $7.1 billion and the issuance of 912 million shares of our common stock with a fair value of $12.1 billion and 84 million shares of Series A Preferred Stock with a fair value of $1.5 billion.

(b) Liabilities owed to Canada Holdings under the EDC Loan Facility of $2.6 billion and under the DIP Facility of $3.4 billion were extinguished in connection with the 363 Sale through the assumption of the Canadian Loan of CAD $1.5 billion (equivalent of $1.3 billion when entered into) and the issuance of 175 million shares of our common stock with a fair value of $2.3 billion and 16 million shares of Series A Preferred Stock with a fair value of $279 million. In addition, we recorded an increase in Accounts and notes receivable, net of $3.9 billion at July 10, 2010 for amounts to be received from the EDC in exchange for the equity Canada Holdings received in connection with the 363 Sale.

(c) As a result of modifications to the UAW hourly retiree medical plan that became effective upon the 363 Sale, we recorded a reorganization gain of $7.7 billion that represented the difference between the carrying amount of our $19.7 billion plan obligation at July 9, 2009 and the July 10, 2009 actuarially determined value of $12.0 billion for our modified plan based on the revised terms of the 2009 UAW Retiree Settlement Agreement. Our obligation to the UAW hourly retiree medical plan was settled on December 31, 2009. Prior to the December 31, 2009 settlement, the VEBA Notes, Series A Preferred Stock, common stock and warrants contributed to the New VEBA were not considered outstanding. Refer to Note 20 for additional information on the 2009 UAW Retiree Settlement Agreement.

(d) As a result of modifications to benefit plans that became effective upon the 363 Sale, we recorded a reorganization gain of $4.6 billion, which represented the difference between the carrying amount of our obligations under certain plans at July 9, 2009, and our new actuarially determined obligations at July 10, 2009. Major changes include:

- For the non-UAW hourly retiree healthcare plan, we recorded a $2.7 billion gain resulting from elimination of post 65 benefits and placing a cap on pre 65 benefits;
- For retiree life insurance we recorded a $923 million gain, resulting from capping benefits at $10,000 for non-UAW hourly retirees and future retirees, capping benefits at $10,000 for existing salaried retirees, reducing benefits for future salaried retirees, and elimination of executive benefits;
- For the U.S. supplemental executive retirement plan, we recorded a $221 million gain from the elimination of a portion of nonqualified benefits; and
- For the U.S. hourly defined benefit pension plan, we recorded a $675 million gain, representing the net of a $3.3 billion obligation decrease resulting from the elimination of the flat monthly special lifetime benefit that was to commence on January 1, 2010, offset by an obligation increase of $2.6 billion from a discount rate decrease from 6.25% to 5.83% and other assumption changes.

(e) Represents the net liabilities MLC retained in connection with the 363 Sale, primarily consisting of Old GM's unsecured debt and amounts owed to the UST under the DIP Facility of $1.2 billion. These net liabilities were settled in exchange for assets retained by MLC with a carrying amount of $1.8 billion and a fair value of $2.0 billion, 150 million shares of our common stock with a fair value of $2.0 billion, warrants to acquire an additional 273 million shares of our common stock with a fair value of $2.4 billion and the right to contingently receive the Adjustment Shares. We increased Other liabilities and deferred income taxes to reflect the estimated fair value of $113 million for our obligation to issue the Adjustment Shares to MLC.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the carrying amount of the assets MLC retained (dollars in millions):

	Predecessor Carrying amount at July 9, 2009
Cash and cash equivalents	$ 41
Restricted cash and marketable securities, current	1,175
Accounts and notes receivable, net	28
Inventories	140
Equipment on operating leases, net	(2)
Other current assets and deferred income taxes	46
Restricted cash and marketable securities, non-current	144
Equity in net assets of nonconsolidated affiliates	(4)
Property, net	137
Deferred income taxes	80
Other assets, non-current	12
Total assets	$ 1,797

(f) We assumed $94 million of certain employee benefit obligations that were included in Liabilities subject to compromise that are now included in Accrued liabilities ($64 million) and Other liabilities ($30 million). These primarily relate to postemployment benefits not modified as a part of the 363 Sale. In addition, in connection with the 363 Sale, we concluded that it was more likely than not that certain net deferred tax assets, primarily in Brazil, will be realized. Therefore, we reversed the existing valuation allowances related to such deferred tax assets resulting in an increase of $121 million in Other current assets and an increase of $630 million in Deferred income taxes, non-current. To record other tax effects of the 363 Sale, we recorded an increase to Other liabilities of $41 million. We recorded a net reorganization gain of $710 million in Income tax expense (benefit) as a result of these adjustments.

Fresh-Start Reporting Adjustments

In applying fresh-start reporting at July 10, 2009, which generally follows the provisions of ASC 805, "Business Combinations" (ASC 805), we recorded the assets acquired and the liabilities assumed from Old GM at fair value except for deferred income taxes and certain liabilities associated with employee benefits. These adjustments are final and no determinations of fair value are considered provisional. The significant assumptions related to the valuations of our assets and liabilities recorded in connection with fresh-start reporting are subsequently discussed.

Accounts and Notes Receivable

We recorded Accounts and notes receivable at their fair value of $12.2 billion, which resulted in a decrease of $79 million.

Inventory

We recorded Inventory at its fair value of $9.6 billion, which was determined as follows:

- Finished goods were determined based on the estimated selling price of finished goods on hand less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated. Finished goods primarily include new vehicles, off-lease and company vehicles and service parts and accessories;

- Work in process was determined based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling and disposal effort; and

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Raw materials were determined based on current replacement cost.

Compared to amounts recorded by Old GM, finished goods increased by $622 million, including elimination of Old GM's LIFO reserve of $1.1 billion, work in process decreased by $555 million, raw materials decreased by $39 million and sundry items with nominal individual value decreased by $94 million.

Equipment on Operating Leases, Current and Non-Current

We recorded Equipment on operating leases, current and non-current at its fair value of $3.9 billion, which was determined as follows: (1) automotive leases to daily rental car companies were determined based on the market value of comparable vehicles; and (2) automotive retail leases were determined by discounting the expected future cash flows generated by the automotive retail leases including the estimated residual value of the vehicles when sold. Equipment on operating leases, current and non-current increased from that recorded by Old GM by $93 million as a result of our determination of fair value.

Other Current Assets and Deferred Income Taxes

We recorded Other current assets which included prepaid assets and other current assets at their fair value of $1.5 billion and deferred income taxes of $487 million. These amounts are $69 million higher than the amounts recorded by Old GM.

Equity in Net Assets of Nonconsolidated Affiliates

We recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. Fair value of these investments was determined using discounted cash flow analyses, which included the following assumptions and estimates:

- Forecasted cash flows for the seven months ended December 31, 2009 and the years ending 2010 through 2013, which incorporated projected sales volumes, product mixes, projected capital spending to support existing and future products, research and development of new products and technologies and anticipated changes in local market conditions;

- A terminal value, which was calculated by assuming a maintainable level of after-tax debt-free cash flow and multiplying it by a capitalization factor that reflected the investor's WACC adjusted for the estimated long-term perpetual growth rate;

- A discount rate of 13.4% that considered various factors including risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies; and

- The fair value of investment property and investments in affiliates was determined using market comparables.

Equity in net assets of nonconsolidated affiliates was higher than Old GM's by $3.8 billion as a result of our determination of fair value.

Property

We recorded Property, which includes land, buildings and land improvements, machinery and equipment, construction in progress and special tools, at its fair value of $18.5 billion. Fair value was based on the highest and best use of specific properties. To determine fair value we considered and applied three approaches:

- The market or sales comparison approach which relies upon recent sales or offerings of similar assets on the market to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets. This method was utilized for certain assets related to land, buildings and land improvements and information technology.

- The cost approach which considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence and economic obsolescence. This method was

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

primarily utilized for certain assets related to land, buildings and land improvements, leasehold interests, and the majority of our machinery and equipment and tooling. Economic obsolescence represents a loss in value due to unfavorable external conditions such as the economics of our industry and was a factor in establishing fair value. Our machinery, equipment and special tools amounts, determined under the cost approach, were adjusted for economic obsolescence. Due to the downturn in the automotive industry, significant excess capacity exists and the application of the cost approach generally requires the replacement cost of an asset to be adjusted for physical deterioration, and functional and economic obsolescence. We estimated economic obsolescence as the difference between the discounted cash flows expected to be realized from our utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. We did not reduce any fixed asset below its liquidation in place value as a result of economic obsolescence; however the effects of economic obsolescence caused some of our fixed assets to be recorded at their liquidation in place values.

- The income approach which considers value in relation to the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset. This method assumed fair value could not exceed the present value of the cash flows the assets generate discounted at a risk related rate of return commensurate with the level of risk inherent in the subject asset. This method was used to value certain assets related to buildings and improvements, leasehold interest, machinery and equipment and tooling.

The following table summarizes the components of Property as a result of the application of fresh-start reporting at July 10, 2009 and Property, net at July 9, 2009:

	Successor	Predecessor
	July 10, 2009	July 9, 2009
Land	$ 2,524	$ 1,040
Buildings and land improvements, net	3,731	8,490
Machinery and equipment, net	5,915	13,597
Construction in progress	1,838	2,307
Real estate, plants, and equipment, net	14,008	25,434
Special tools, net	4,492	10,782
Total property, net	$18,500	$ 36,216

Goodwill

We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. None of the goodwill from this transaction is deductible for tax purposes.

Intangible Assets

We recorded Intangible assets of $16.1 billion at their fair values. The following is a summary of the approaches used to determine the fair value of our significant intangible assets:

- We recorded $7.9 billion for the fair value of technology. The relief from royalty method was used to calculate the $7.7 billion fair value of developed technology. The significant assumptions used included:
  - Forecasted revenue for each technology category by Old GM's former segments;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

    - Royalty rates based on licensing arrangements for similar technologies and obsolescence factors by technology category;
    - Discount rates ranging from 24.0% to 26.0% based on our WACC and adjusted for perceived business risks related to these developed technologies; and
    - Estimated economic lives, which ranged from seven to 20 years.
  - The excess earnings method was used to determine the fair value of in-process research and development of $175 million. The significant assumptions used in this approach included:
    - Forecasted revenue for certain technologies not yet proven to be commercially feasible;
    - The probability and cost of obtaining commercial feasibility;
    - Discount rates ranging from 4.2% (when the probability of obtaining commercial feasibility was considered elsewhere in the model) to 36.0%; and
    - Estimated economic lives ranging from approximately 10 to 20 years.
- The relief from royalty method was also used to calculate the fair value of brand names of $5.5 billion. The significant assumptions used in this method included:
  - Forecasted revenue for each brand name by Old GM's former segments;
  - Royalty rates based on licensing arrangements for the use of brands and trademarks in the automotive industry and related industries;
  - Discount rates ranging from 22.8% to 27.0% based on our WACC and adjusted for perceived business risks related to these intangible assets; and
  - Indefinite economic lives for our ongoing brands.
- Our most significant brands included Buick, Cadillac, Chevrolet, GMC, Opel/Vauxhall and OnStar. We also recorded defensive intangible assets associated with brands we eliminated, which included Pontiac, Saturn and Oldsmobile.
- A cost approach was used to calculate the fair value of our dealer networks and customer relationships of $2.1 billion. The estimated fair value of our dealer networks of $1.6 billion was determined by multiplying our estimated costs to recreate our dealer networks by our estimate of an optimal number of dealers. An income approach was used to calculate the fair value of our customer relationships of $508 million. The significant assumptions used in this approach included:
  - Forecasted revenue;
  - Customer retention rates;
  - Profit margins; and
  - A discount rate of 20.8% based on an appropriate WACC and adjusted for perceived business risks related to these customer relationships.
- We recorded other intangible assets of $560 million primarily related to existing contracts, including leasehold improvements, that were favorable relative to available market terms.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of our intangible assets and their weighted-average amortization periods.

	Weighted-Average Amortization Period (years)	Recorded Value
Technology and related intellectual property	5	$ 7,889
Brands	38	5,476
Dealer network and customer relationships	21	2,149
Favorable contracts	28	543
Other intangible assets	3	17
Total intangible assets		$ 16,074

Deferred Income Taxes, Non-Current

We recorded Deferred income taxes, non-current of $672 million which was an increase of $43 million compared to that recorded by Old GM.

Other Assets, Non-Current

We recorded Other assets, non-current of $3.2 billion. Other assets, non-current differed from Old GM's primarily related to: (1) an increase of $1.3 billion and $629 million in the value of our investments in Ally Financial common stock and preferred stock; (2) an increase of $175 million in the value of our investment in Saab; partially offset by (3) an elimination of $191 million for certain prepaid rent balances and other adjustments.

We calculated the fair value of our investment in Ally Financial common stock of $1.3 billion using a market multiple sum-of-the-parts methodology, a market approach. This approach considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's Auto Finance, Commercial Finance and Insurance operations in determining the fair value of each of these operations, which were then aggregated to determine Ally Financial's overall fair value. The significant inputs used in our fair value analysis were as follows:

- Ally Financial's June 30, 2009 financial statements, as well as the financial statements of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

We calculated the fair value of our investment in Ally Financial preferred stock of $665 million using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial preferred stock and the expected call date. The discount rate of 16.9% was determined based on yields of similar Ally Financial securities.

Accounts Payable

We recorded Accounts payable at its fair value of $13.1 billion.

Debt

We recorded short-term debt, current portion of long-term debt and long-term debt at their total fair value of $15.7 billion, which was calculated using a discounted cash flow methodology using our implied credit rating of CCC for most of our debt instruments (our credit rating was not observable as a result of the Chapter 11 Proceedings), adjusted where appropriate for any security interests.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For the UST Loans and the Canadian Loan, carrying amount was determined to approximate fair value because these loans were fully collateralized by the restricted cash placed in escrow and were entered into on July 10, 2009 at market terms. Short-term debt, current portion of long-term debt and long-term debt decreased $1.5 billion as a result of our calculation of fair value. Refer to Note 15 for additional information on the escrow arrangement.

Pensions, Postretirement Benefits Other than Pensions, Current and Non-Current, and Prepaid Pensions

We recorded Pensions of $32.0 billion and Prepaid pensions of $97 million, which includes the actuarial measurement of those benefit plans that were not modified in connection with the 363 Sale. As a result of these actuarial measurements, our recorded value was $2.1 billion higher than Old GM's for Pensions and Prepaid pensions for those plans not modified in connection with the 363 Sale. When the pension plans were measured at July 10, 2009, the weighted-average return on assets was 8.5% and 8.0% for U.S. and non-U.S. plans. The weighted-average discount rate utilized to measure the plans at July 10, 2009 was 5.9% and 5.8% for U.S. and non-U.S. plans.

We also recorded Postretirement benefits other than pensions, current and non-current of $20.4 billion, which is an increase of $434 million compared to the amounts recorded by Old GM for those plans not modified in connection with the 363 Sale. When the other non-UAW postretirement benefit plans were measured at July 10, 2009, the weighted-average discount rate used was 6.0% and 5.5% for the U.S. and non-U.S. plans. For the U.S. there are no significant uncapped healthcare plans remaining at December 31, 2009, and therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. For non-U.S. plans the initial healthcare cost trend used was 5.4% and the ultimate healthcare cost trend rate was 3.3% with eight years to the ultimate trend rate.

Accrued Liabilities, Other Liabilities, and Deferred Income Taxes, Current and Non-Current

We recorded Accrued liabilities of $24.4 billion and Other liabilities and deferred income taxes of $15.5 billion. Accrued liabilities and Other liabilities differed from those of Old GM primarily relating to:

- $1.2 billion less in deferred revenue, the fair value of which was determined based on our remaining performance obligations considering future costs associated with these obligations;
- $349 million decrease in warranty liability, the fair value of which was determined by discounting the forecasted future cash flows based on historical claims experience using rates ranging from 1.4% in 2009 to 4.3% in 2017;
- A decrease of $179 million to lease-related obligations;
- A decrease of $162 million related to certain customer deposits;
- $582 million increase in deferred income taxes; and
- $980 million of recorded unfavorable contractual obligations, primarily related to the Delphi-GM Settlement Agreements. The fair value of the unfavorable contractual obligations was determined by discounting forecasted cash flows representing the unfavorable portions of contractual obligations at our implied credit rating. Refer to Note 22 for further information on the Delphi-GM Settlement Agreements.

Equity (Deficit) and Preferred Stock

The changes to Equity (Deficit) reflect our recapitalization, the elimination of Old GM's historical equity, the issuance of our common stock, preferred stock and warrants to the UST, Canada Holdings and MLC at fair value, and the application of fresh-start reporting.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Noncontrolling Interests

We recorded the fair value of our Noncontrolling interests at $408 million which was $156 million higher than Old GM.

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting that primarily resulted from the adjustments previously discussed (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustment from 363 Sale Transaction and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net	(1,203)
Total Reorganization gains, net	$128,155

Other losses, net of $1.2 billion primarily relate to costs incurred during our Chapter 11 Proceedings, including:

- Losses of $958 million on extinguishments of debt resulting from Old GM's repayment of its secured revolving credit facility, its U.S. term loan, and its secured credit facility;
- Losses of $398 million on contract rejections, settlements of claims and other lease terminations;
- Professional fees of $38 million; and
- Gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Note 3. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. We continually evaluate our involvement with variable interest entities (VIEs) to determine whether we have variable interests and are the primary beneficiary of the VIE. When this criteria is met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Table of Contents

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The assets and liabilities of GM Financial, our automotive finance operations, are presented on a non-classified basis. The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Segments

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010, we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Stock Split

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable Successor share, per share and related information in the consolidated financial statements and notes has been adjusted retroactively to give effect to the three-for-one stock split.

Increase in Authorized Shares

On October 5, 2010, our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant

Table of Contents

to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

The following tables provide financial information for our Venezuelan subsidiaries at and for the year ended December 31, 2010, which include amounts receivable from and payable to, and transactions with, affiliated entities (dollars in millions):

	Successor December 31, 2010
Total automotive assets (a)	$ 1,322
Total automotive liabilities (b)	$ 985

	Successor Year Ended December 31, 2010
Total net sales and revenue	$ 1,139
Net income (loss) attributable to stockholders (c)	$ 320

(a) Includes BsF denominated and non-BsF denominated monetary assets of $393 million and $527 million.

(b) Includes BsF denominated and non-BsF denominated monetary liabilities of $661 million and $324 million.

(c) Includes a gain of $119 million related to the devaluation of the BsF in January 2010 and a gain of $273 million in the year ended December 31, 2010 due to favorable foreign currency exchanges that were processed by CADIVI at the essential rate. The $119 million gain on the devaluation was offset by a $144 million loss recorded by U.S. entities on BsF denominated assets, which is not included in the Net income (loss) attributable to stockholders reported above.

The total amount pending government approval for settlement at December 31, 2010 is BsF 1.9 billion (equivalent to $432 million), for which some requests have been pending from 2007. The amount includes payables to affiliated entities of $263 million, which includes dividends payable of $144 million.

Note 4. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Sales of parts and accessories to GM dealers are recorded when the goods arrive at the dealership and when collectability is reasonably assured. Sales of aftermarket products and powertrain components are recorded when title and risks and rewards of ownership have passed, which is generally when the product is released to the carrier responsible for transporting them to the customer and when collectability is reasonably assured.

Revenue from OnStar, comprised of customer subscriptions related to comprehensive in-vehicle security, communications and diagnostic systems, is deferred and recorded on a straight-line basis over the subscription period. An OnStar subscription is provided as part of the sale or lease of certain vehicles. The fair value of the subscription is recorded as deferred revenue when a vehicle is sold, and amortized over the subscription period. Prepaid minutes for the Hands-Free Calling system are deferred and recorded on a straight-line basis over the life of the contract.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. This redemption period is reviewed periodically to determine if it remains appropriate. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Automotive sales.

Automotive Financing

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Finance Receivables

Automotive Financing

Pre-Acquisition Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit were adjusted to fair value at October 1, 2010. As a result of the acquisition, the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. A portion of the discount attributable to future credit losses is recorded as a non-accretable discount and utilized as such losses occur. Any deterioration in the performance of pre-acquisition receivables, indicating that the non-accretable discount has become insufficient to cover future credit losses, in the pre-acquisition portfolio, will result in an incremental allowance for loan losses being recorded. Improvements in performance of the pre-acquisition receivables, indicating that the non-accretable discount exceeds expected future credit losses will not be a direct offset to charge-offs, but will result in a transfer of the excess non-accretable discount to accretable discount, which will be recorded as finance charge income over the remaining life of the receivables.

A portion of the fair value adjustment on the finance receivables is included as an accretable premium. This premium is accreted into finance charge income over the remaining life of the receivables utilizing the effective interest method.

Post-Acquisition Finance Receivables

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. We review charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. We also use historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date.

Allowance For Doubtful Accounts – Trade Receivables

Automotive

We estimate the balance of allowance for doubtful accounts by analyzing accounts receivable balances by age, and our estimate includes separately providing for specific customer balances when it is deemed probable that the balance is uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

Inventory

Automotive

Inventories are stated at the lower of cost or market (LCM). In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Advertising

The following table summarizes advertising expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Advertising expense	$ 4,259	$ 2,110	$ 1,471	$ 5,303

Research and Development Expenditures

Automotive

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Research and development expense	$ 6,962	$ 3,034	$ 3,017	$ 8,012

Property, net

Property, plants and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For depreciable property placed in service before January 2001, Old GM used accelerated depreciation methods. For depreciable property placed in service after January 2001, Old GM used the straight-line method. Upon retirement or disposition of property, plants and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 12 and 26 for additional information on property and impairments.

Special Tools

Automotive

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives. Refer to Note 12 for additional information on special tools.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated. Refer to Note 26 for additional information on goodwill impairments.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships, dealer network and favorable contracts.

All intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer network is recorded in Automotive selling, general and administrative expense or GM Financial operating expenses and other. Refer to Notes 2 and 14 for additional information on intangible assets.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform level. Non-product specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

We tested certain long-lived assets for impairment in the year ended December 31, 2010 and in the period July 10, 2009 through December 31, 2009 and Old GM tested certain long-lived assets for impairment in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. Long-lived asset impairment charges were recorded based on the results of the analyses. Refer to Note 26 for additional information on impairment charges.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Equipment on Operating Leases, net

Equipment on operating leases, net, including leased vehicles within Total GM Financial Assets, is reported at cost, less accumulated depreciation and net of origination fees or costs. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are and Old GM was exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on the lower of forecasted or current auction proceeds in the U.S. and Canada and forecasted auction proceeds outside of the U.S. and Canada when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our automotive operations, when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less costs to sell. In our automotive finance operations, when a leased vehicle is returned or repossessed the asset is recorded at the lower of cost or estimated selling price, less costs to sell, and upon disposition a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 26 and 32 for additional information on impairments and operating lease arrangements with Ally Financial.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income (loss). The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Gains and losses arising from foreign currency transactions, which include the effects of remeasurements discussed in the preceding paragraph, are recorded in Automotive cost of sales and GM Financial operating expenses and other.

The following table summarizes the effects of foreign currency transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) resulting from foreign currency transactions	$ (210)	$ (755)	$ (1,077)	$ 1,705

Policy, Warranty and Recall Campaigns

Automotive

The estimated costs related to policy and product warranties are accrued at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Environmental Costs

Automotive

A liability for environmental remediation costs is recorded when a loss is probable and can be reasonably estimated. For environmental sites where there are potentially multiple responsible parties, a liability for the allocable share of the costs related to involvement with the site is recorded, as well as an allocable share of costs related to insolvent parties or unidentified shares, neither of which are reduced for possible recoveries from insurance carriers. For environmental sites where we and Old GM are the only potentially responsible parties, a liability is recorded for the total estimated costs of remediation before consideration of recovery from insurers or other third parties. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites.

We have an established process to develop environmental liabilities that is used globally. This process consists of a number of phases that begins with visual site inspections and an examination of historical site records. Once a potential problem is identified, physical sampling of the site, which may include analysis of ground water and soil borings, is performed. The evidence obtained is then evaluated and if necessary, a remediation strategy is developed and submitted to the appropriate regulatory body for approval. The final phase of this process involves the commencement of remediation activities according to the approved plan.

When applicable, estimated liabilities for costs relating to ongoing operating, maintenance, and monitoring at environmental sites where remediation has commenced are recorded. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates.

Table of Contents

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These three types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 3 in the valuation hierarchy at the beginning of the accounting period based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income (loss) until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

Old GM classified all marketable securities as available-for-sale.

Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing vendor, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, certificates of deposit, commercial paper, and corporate debt securities are classified in Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace.

We conduct an annual review of our pricing vendor. This review includes discussion and analysis of the inputs used by the pricing vendor to provide prices for the types of securities we hold. These inputs included interest rate yields, bid/ask quotes, prepayment speeds and prices for comparable securities. Based on our review we believe the prices received from our pricing vendor are a reliable representation of fair value.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in debt and equity securities are other than temporary. Factors considered in determining whether a loss on a debt security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery. Prior to April 1, 2009 Old GM

Table of Contents

considered its ability and intent to hold the investment for a sufficient period of time to allow for any anticipated recovery. If losses are determined to be other than temporary, the loss is recorded in Interest income and other non-operating income, net and the investment carrying amount is adjusted to a revised fair value.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, interest rate swap, interest rate cap and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates, interest rates and certain commodity prices.

Our financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is composed of members of our management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our automotive operations risk management policy with respect to foreign exchange and commodities. Under our prior policy we intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates, are classified in Level 3.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and 2009 our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009 all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010 we have determined that our non-performance

Table of Contents

risk no longer represents a significant input in the determination of the fair value of our derivatives. Consequently, at December 31, 2010 all automotive operations derivatives were reclassified to Level 2.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating expenses and other.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gain (losses) within a separate component of Accumulated other comprehensive income (loss). Amounts are reclassified from Accumulated other comprehensive income (loss) when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

Prior to October 1, 2008, Old GM recorded changes in fair value of derivatives designated as fair value hedges in earnings offset by changes in fair value of the hedged item to the extent the derivative was effective as a hedge. Old GM recorded the change in fair value of derivative instruments in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

As part of Old GM's quarterly tests for hedge effectiveness in the three months ended December 31, 2008, Old GM was unable to conclude that its cash flow and fair value hedging relationships continued to be highly effective. Therefore, Old GM discontinued the application of hedge accounting for derivative instruments used in cash flow and fair value hedging relationships. Old GM recorded certain releases of deferred gains and losses arising from previously designated cash flow and fair value hedges in earnings. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Refer to Note 21 for additional information related to derivative transactions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook;

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and other non-operating income, net, interest expense in Automotive interest expense and penalties in Automotive selling, general and administrative expense.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants.

U.S. salaried retiree medical plan amendments are amortized over the period to full eligibility and actuarial gains and losses are amortized over the average remaining years of future service.

Actuarial (gains) losses and new prior service costs (credits) for the U.S. hourly healthcare plans are amortized over a time period corresponding with the average life expectancy of the plan participants.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60.0% of the difference between the fair value of assets and the expected calculated value in the first year and 10.0% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. and Canada, we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

In the U.S., Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

In countries other than the U.S. and Canada, discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Cash equivalents and other short-term investments are generally classified in Level 2.

Group Annuity Contracts

Group annuity contracts are the contracts or policies issued by a life insurance company, which are used as a funding instrument for specified benefits payments to be made in accordance with the defined benefit pension plans. The contracts or policies may be backed by one or more separately managed investment accounts, which hold investments in high quality fixed income securities. The value of each contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by the separately managed investment accounts. The separately managed investment accounts, which typically calculate NAV (or its equivalent), and underlying assets are valued in accordance with the valuation policies of the respective insurers. From time to time, the defined benefit pension plans' liabilities may increase as a result of these contracts when the required reserves, as estimated by an insurer under the terms of the contract or policy, exceed the fair value of contract assets. The resulting difference represents an outstanding contract asset deficiency that must be funded by the defined benefit pension plan's sponsor. Group annuity contracts are generally classified in Level 3.

Common and Preferred Stock

Equity securities for which market quotations are readily available are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. In the event there were no sales during the five-day period before the reporting date and the five-day period after the reporting date or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are typically classified in Level 2. Common and preferred stock classified in Level 3 are typically those that are thinly traded, delisted, or privately issued securities or other issues that are priced by a dealer or pricing service using inputs such as

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

aged (stale) pricing, and/or other qualitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, floating rate notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Exchange traded funds and real estate investment trusts, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. Investments in non-exchange traded funds and certain SPEs (e.g., limited partnerships, limited liability companies), which may be fully redeemed at NAV in the near-term (within 90 days), are generally measured at fair value on the basis of the NAV provided by the investment sponsor or its third party administrator, and generally classified in Level 2. Investments within this asset class that are classified in Level 3 include investments in funds, which may not be fully redeemed at NAV in the near-term, and are typically measured on the basis of the NAV. Level 3 investments also include direct private equity, debt, and real estate investments, which have inherent restrictions on near-term redemption. Fair value estimates for direct private equity, private debt, and real estate investments are provided by the respective investment sponsors and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

classified in Level 1. Over-the-counter derivatives are typically valued through independent pricing services and are generally classified in Level 2. Derivatives classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Early Retirement Programs

An early retirement program was offered to certain German employees that allows these employees to transition from employment into retirement before their legal retirement age. Eligible employees who elect to participate in this pre-retirement leave program work full time in half of the pre-retirement period, the active period, and then do not work for the remaining half, the inactive period, and receive 50.0% of their salary in this pre-retirement period. Program related benefits are recognized over the period from when the employee signed the program contract until the end of the employee's active service period.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2010 49,000 of our U.S. employees (or 64%) were represented by unions, of which 48,000 employees were represented by the UAW. The current labor contract with the UAW is effective for a four-year term that began in October 2007 and expires in September 2011. The contract included a $3,000 lump sum payment in the year ended December 31, 2007 and performance bonuses of 3.0%, 4.0% and 3.0% of wages in the years ended December 31, 2008, 2009 and 2010 for each UAW employee. These payments are amortized over the 12-month period following the respective payment dates. In February 2009 Old GM and the UAW agreed to suspend the 2009 and 2010 performance bonus payments.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program, modified the Supplemental Unemployment Benefit (SUB) program and added the Transitional Support Program (TSP). These job security programs provide employee reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on our best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were expensed as incurred.

Table of Contents

Stock Incentive Plans

GM

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We grant awards to our employees through the 2009 Long Term Incentive Plan and the GM Salary Stock Plan. We record compensation expense over the applicable vesting period of an award.

In November and December 2010 we consummated a public offering of 550 million shares of our common stock. Prior to this offering, the fair value of awards granted was based on the estimated fair value of our common stock. Commencing in November 2010 the fair value of our common stock is based on the New York Stock Exchange trading price. Refer to Note 31 for additional information regarding stock incentive plans.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore compensation cost is recorded on the date of grant.

Old GM

All of Old GM's awards for the period January 1, 2009 through July 9, 2009, and the year ended December 31, 2008 were accounted for at fair value, and compensation expense was recorded based on the award's estimated fair value. No share-based compensation expense was recorded for the top 25 most highly compensated employees in 2009, in compliance with the Loan and Security Agreement with the UST.

Stock options granted were measured on the date of grant using the Black-Scholes option-pricing model to determine fair value. Compensation expense was recorded on a graded vesting schedule. Old GM issued treasury shares upon exercise of employee stock options.

Option awards contingent on performance and market conditions were measured on the date of grant using a Monte-Carlo simulation model to determine fair value. Vesting was contingent upon a one-year service period and multiple performance and market requirements and was recorded on a graded vesting schedule over a weighted-average derived service period.

Market condition based cash-settled awards were granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The fair value of each market condition based cash-settled award was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used multiple input variables.

Cash restricted stock units were granted to certain of Old GM's global executives that provided cash equal to the value of underlying restricted share units at predetermined vesting dates. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each cash-settled award was remeasured at the end of each reporting period, and the liability and related expense adjusted based on the new fair value of Old GM's common stock.

All outstanding Old GM awards remained with Old GM and we did not replace them in the 363 Sale.

Recently Adopted Accounting Principles

Variable Interest Entities

In January 2010 we adopted amendments to ASC 810, "Consolidation" (ASC 810). These amendments require an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the activities of a VIE that most significantly affect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. These amendments also require, among other considerations, an ongoing reconsideration of the primary beneficiary. In February 2010 the Financial Accounting Standard Board (FASB) issued guidance that permitted an indefinite deferral of these amendments for entities that have all the attributes of an investment company or that apply measurement principles consistent with those followed by investment companies. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of VIE's in effect prior to the adoption of these amendments. This deferral was applicable to certain investment companies associated with our employee benefit plans and investment companies managing investments on behalf of unrelated third parties.

The amendments were adopted prospectively. Upon adoption, we consolidated General Motors Egypt (GM Egypt). Due to our application of fresh-start reporting on July 10, 2009 and because our investment in GM Egypt was accounted for using the equity method of accounting, there was no difference between the net assets added to the consolidated balance sheet upon consolidation and the amount of previously recorded interest in GM Egypt. As a result, there is no cumulative effect of a change in accounting principle to Accumulated deficit. However, the consolidation of GM Egypt resulted in an increase in Total assets of $254 million, an increase in Total liabilities of $178 million, and an increase in Noncontrolling interest of $76 million. The effect of these amendments was measured based on the amount at which the asset, liability and noncontrolling interest would have been carried or recorded in the consolidated financial statements if these amendments had been effective since inception of our relationship with GM Egypt. Refer to Note 17 for additional information regarding the effect of the adoption of these amendments.

Transfers of Financial Assets

In January 2010 we adopted certain amendments to ASC 860, "Transfer and Servicing" (ASC 860). ASC 860 eliminated the concept of a qualifying SPE, establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recorded as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. The adoption of these amendments did not have an effect on the consolidated financial statements.

Accounting Standards Not Yet Adopted

In September 2009 the FASB issued Accounting Standard Update (ASU) 2009-13, "Multiple-Deliverable Revenue Arrangements" (ASU 2009-13). ASU 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU 2009-13 revises the method by which consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third party evidence of the selling price, or the reporting entity's best estimate of the selling price of individual deliverables in the arrangement. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. ASU 2009-13 is not expected to have a material effect on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, "Intangibles—Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28). The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Any resulting goodwill impairment is recorded as a cumulative-effect adjustment to beginning Retained earnings (accumulated deficit) in the period of adoption.

GME has a negative carrying amount; as such, we will apply the provisions of ASU 2010-28 effective January 1, 2011. When a reduction occurs in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

our application of fresh-start reporting, the amount of our implied goodwill can decline. Prior to the adoption of ASU 2010-28, any such decline does not result in recognition of an impairment loss as long as Step 1 of the goodwill impairment test is passed (as was the case at our October 1, 2010 annual testing date). However, proceeding directly to Step 2 of the goodwill impairment test as required in this circumstance upon adoption of ASU 2010-28 would result in recognition of any such impairment.

We are currently in the process of valuing the amount of the implied goodwill as of January 1, 2011 for GME, and estimate the high end of the range of possible adjustment to be approximately $1.3 billion. Our estimate represents the net decrease, from July 10, 2009 through January 1, 2011, in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting resulting primarily from an overall improvement in our incremental borrowing rate and corresponding decrease in our nonperformance risk since July 10, 2009. The actual goodwill impairment determination can also be affected by other factors in the Step 2 impairment test which we have not yet finalized. As a result, the actual adjustment may be different than our current estimate upon the finalization of our valuation procedures and determination of our implied goodwill for GME at January 1, 2011.

Note 5. Acquisition and Disposal of Businesses

Acquisition of AmeriCredit Corp.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of approximately $3.5 billion. The acquisition of AmeriCredit will allow us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	Successor October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating expenses and other.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(b) The Finance receivables were recorded at fair value, which was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the newly formed GM Financial reporting segment. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the year ended December 31, 2010 and the supplemental pro forma revenue and earnings of the combined entity as if the acquisition had occurred on January 1, 2009 (dollars in millions):

	Successor (Unaudited)			Predecessor (Unaudited)
		Pro Forma-Combined		Pro Forma-Combined
	GM Financial amounts included in results for Year Ended December 31, 2010	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue	$ 281	$ 136,665	$ 58,215	$ 48,074
Net income (loss) attributable to stockholders	$ 90	$ 6,634	$ (4,125)	$109,234

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2009, nor are they indicative of future results.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009 as discussed under Acquisition of Delphi Businesses below. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third party suppliers and we remain a significant customer. During 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us. During the period from October 6, 2009, the date of acquisition, to December 31, 2009, Nexteer reported revenue of $453 million, of which $218 million were sales to us. We did not provide the pro forma financial information because we do not believe the information is material.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Acquisition of Strasbourg

On October 1, 2010 we acquired 100% of the outstanding equity interest of General Motors Strasbourg S.A.S (GMS) for cash of one Euro from MLC. GMS is an entity engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles which was previously owned by Old GM but retained by MLC in connection with the 363 Sale. MLC was unable to sell GMS and upon notification of their plan to liquidate GMS, we agreed to repurchase the business. We believe the repurchase of GMS allows us to maintain good relationships and to help expand our business within the European region.

We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010, the date we obtained control, and have included GMS's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	Successor October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities (b)	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

(b) Current liabilities include $8 million that is due to us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, classified as Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information is material. We began to record the results of GMS operations in our consolidated financial statements from the date of acquisition.

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC-HK) entered into a joint venture, SAIC GM Investment Limited (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. On February 1, 2010 we sold certain of our operations in India (GM India), part of our GMIO segment to HKJV, in exchange for a promissory note due in 2013. The amount due under the promissory note may be partially reduced, or increased, based on GM India's cumulative earnings before interest and taxes for the three year period ending December 31, 2012. In connection with the sale we recorded net consideration of $185 million and an insignificant gain. The sale transaction resulted in a loss of control and the deconsolidation of GM India on February 1, 2010. Accordingly, we removed the assets and liabilities of GM India from our consolidated financial statements and recorded an equity interest in HKJV to reflect cash of $50 million we contributed to HKJV and a $123 million commitment to provide additional capital that we are required to make in accordance with the terms of the joint venture agreement. We have recorded a corresponding liability to reflect our obligation to provide additional capital.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other original equipment manufacturers (OEMs) with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. In addition, we and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities were retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to Delphi's senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with the advance agreements with Delphi, the payment terms acceleration agreement with Delphi, and the claims associated with previously transferred pension costs for hourly employees. Refer to Note 22 for additional information on the DMDA.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests and the Pension Benefit Guarantee Corporation (PBGC) receiving Class C Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the MRA (as defined in Note 22) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply. The DMDA contains specific waterfall provisions for the allocation of distributions among the Class A, Class B and Class C New Delphi Membership Interests. Once the cumulative amount distributed by New Delphi exceeds $7.0 billion, our Class A Membership Interests will represent 35% of New Delphi with Class B representing the remaining 65%, excluding certain distributions to New Delphi directors and management and the unsecured creditors of Old Delphi. Our Class A Membership Interest entitles us to 49.12% of the first $1.0 billion of cumulative distributions and 57.78% of the next $1.0 billion of cumulative distributions excluding certain distributions to New Delphi directors and management. Additional distributions are applied to specific distribution levels until cumulative distributions reach $7.0 billion.

In October 2009 we consummated the transactions contemplated by the DMDA. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. Additionally, we waived our rights to $550 million and $300 million previously advanced to Delphi under the advance agreements and the payment terms acceleration agreement and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the PBGC $70 million.

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 22 for additional information on the Delphi-GM Settlement Agreements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor October 6, 2009
Net cash paid	$ 2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims (a)	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$ 3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$ 3,742

(a) Previously advanced amounts of $850 million and value of other administrative claims of $116 million.

The Class A Membership Interests in New Delphi are accounted for using the equity method of accounting.

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor October 6, 2009
Cash and cash equivalents	$ 40
Accounts and notes receivable, net	541
Inventories	245
Other current assets and deferred income taxes	28
Property, net	202
Deferred income taxes	39
Other assets	3
Goodwill (a)	61
Accounts payable (principally trade)	(316)
Short-term debt and current portion of long-term debt	(67)
Accrued expenses	(101)
Long-term debt	(10)
Other liabilities and deferred income taxes	(364)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

(a) Goodwill of $61 million recorded in the GMNA reporting unit arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. The total amount of goodwill deductible for tax purposes is expected to be $398 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Nexteer and the four domestic facilities had revenue of $3.7 billion in the year ended December 31, 2008 of which 68% was related to sales to Old GM. Furthermore, through the terms of the MRA, we provided Delphi labor cost subsidies and production cash burn support to many of the facilities acquired. Refer to Note 22 for additional information on the MRA. Since we and Old GM accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses did not have a significant effect on our consolidated financial results as the costs associated with these facilities have been recorded as inventory costs and recorded in Automotive cost of sales. We did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity.

Saab Bankruptcy and Sale

In February 2009 Saab, part of our GME segment, filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other automotive expenses, net related to the deconsolidation. The loss reflected the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of DIP financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant fair value.

Saab's assets and liabilities were classified as held for sale at December 31, 2009. Saab's total assets of $388 million included cash and cash equivalents, inventory and receivables, and its total liabilities of $355 million included accounts payable, warranty and pension obligations and other liabilities.

In February 2010 we completed the sale of Saab and in May 2010 we completed the sale of Saab Automobile GB (Saab GB) to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remaining $24 million in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the DIP financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 6. Finance Receivables, net

Automotive Financing

The following table summarizes the components of Finance receivables, net (dollars in millions):

	Successor December 31, 2010
Pre-acquisition finance receivables (pre-acquisition carrying amount)	$ 7,724
Post-acquisition finance receivables	924
Total finance receivables	8,648
Purchase price premium	423
Less non-accretable discount on pre-acquisition finance receivables	(848)
Less allowance for loan losses on post-acquisition receivables	(26)
Total finance receivables, net	$ 8,197

Finance contracts are purchased by GM Financial from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2010 the accrual of finance charge income has been suspended on delinquent finance receivables of $491 million.

The following table summarizes purchase price premium (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 500
Amortization of premium	(77)
Balance at end of period	$ 423

The following table summarizes non-accretable discount (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 968
Recoveries	101
Charge-offs	(221)
Balance at end of period	$ 848

The following table summarizes the allowance for loan losses (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ —
Provision for loan losses	26
Recoveries	—
Charge-offs	—
Balance at end of period	$ 26

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Quality

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	Successor December 31, 2010
FICO score less than 540	$ 1,328
FICO score 540 to 599	3,396
FICO score 600 to 659	2,758
FICO score greater than 660	1,166
Total finance receivables	$ 8,648

Delinquency

The following summarizes finance receivables more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	Successor December 31, 2010	
	Amount	Percent
Delinquent contracts		
31 to 60 days	$ 535	6.2%
Greater-than-60 days	212	2.4%
Total finance receivables more than 30 days delinquent	747	8.6%
In repossession	28	0.3%
Total finance receivables more than 30 days delinquent and in repossession	$ 775	8.9%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Note 7. Securitizations

Automotive Financing

The following table summarizes securitization activity and cash flows from SPEs used for securitizations (dollars in millions):

	Successor October 1, 2010 Through December 31, 2010
Receivables securitized	$ 743
Net proceeds from securitization	$ 700
Servicing fees	
Variable interest entities	$ 46
Distributions from Trusts	
Variable interest entities	$ 216

GM Financial retains servicing responsibilities for receivables transferred to certain SPEs. At December 31, 2010 GM Financial serviced finance receivables that have been transferred to certain SPEs of $7.2 billion.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 8. Marketable Securities

Automotive

The following table summarizes information regarding marketable securities (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Marketable Securities								
Available-for-sale securities								
United States government and agencies	$2,023	$ —	$ —	$2,023	$ 2	$ —	$ —	$ 2
Sovereign debt	773	—	—	773	—	—	—	—
Certificates of deposit	954	—	—	954	8	—	—	8
Corporate debt	1,670	1	2	1,669	—	—	—	—
Total available-for-sale securities	5,420	1	2	5,419	10	—	—	10
Total trading securities	129	10	3	136	122	7	5	124
Total Marketable securities	$5,549	$ 11	$ 5	$5,555	$132	$ 7	$ 5	$134

We maintained $89 million and $79 million of the above trading securities as compensating balances to support letters of credit of $74 million and $66 million at December 31, 2010 and 2009. We have access to these securities in the normal course of business; however, the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

The following table summarizes securities classified as Cash and cash equivalents and Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Securities classified as Cash and cash equivalents	$ 12,964	$ 11,176
Securities classified as Restricted cash and marketable securities	$ 1,474	$ 14,178

Refer to Note 24 for classes of securities underlying Cash and cash equivalents and Restricted cash and marketable securities.

The following table summarizes proceeds from and realized gains and losses on disposals of investments in marketable securities classified as available-for-sale and sold prior to maturity (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Sales proceeds	$ 11	$ 3	$ 185	$ 4,001
Realized gains	$ —	$ —	$ 3	$ 44
Realized losses	$ —	$ —	$ 10	$ 88

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2010 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Due in one year or less	$ 5,059	$ 5,059
Due after one year through five years	361	360
Total contractual maturities of available-for-sale securities	$ 5,420	$ 5,419

Refer to Note 26 for the amounts recorded as other than temporary impairments on debt and equity securities.

Note 9. Inventories

Automotive

The following table summarizes the components of Inventories (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Productive material, supplies and work in process	$ 5,487	$ 4,201
Finished product, including service parts	6,638	5,906
Total inventories	$ 12,125	$ 10,107

In the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 Old GM's U.S. LIFO eligible inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities, which were carried at lower costs prevailing in prior years as compared with the costs of purchases in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. These liquidations decreased Old GM's Automotive cost of sales by $5 million in the period January 1, 2009 through July 9, 2009 and $355 million in the year ended December 31, 2008.

Note 10. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net and the related accumulated depreciation (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Equipment on operating leases	$ 2,843	$ 3,070
Less accumulated depreciation	(275)	(343)
Equipment on operating leases, net	$ 2,568	$ 2,727

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation expense and impairment charges	$ 549	$ 586	$ 338	$ 1,575

Refer to Note 26 for additional information on impairment charges related to Equipment on operating leases, net.

Note 11. Equity in Net Assets of Nonconsolidated Affiliates

Automotive

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding equity in income (loss) of and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Ally Financial	$ —	$ —	$ (1,097)	$ 916
Gain on conversion of UST Ally Financial Loan	—	—	2,477	—
Ally Common Membership Interest impairment charges	—	—	—	(7,099)
Total equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ 1,380	$ (6,183)
China JVs (a)	$ 1,297	$ 460	$ 300	$ 315
New United Motor Manufacturing, Inc. (b)	—	—	(243)	(118)
New Delphi (c)	117	(1)	—	—
Others	24	38	4	(11)
Total equity income, net of tax	$ 1,438	$ 497	$ 61	$ 186

(a) Includes Shanghai General Motors Co., Ltd. (SGM) (49%) in the period February 1, 2010 through December 31, 2010 and (50%) in the month of January 2010, in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, and in the year ended December 31, 2008 and SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (44%) in the period November 16, 2010 through December 31, 2010 and (34%) in the periods January 1, 2010 through November 15, 2010, July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009, and the year ended December 31, 2008.

(b) New United Motor Manufacturing, Inc. (NUMMI) (50%) was retained by MLC as a part of the 363 Sale.

(c) New Delphi was acquired in October 2009. Refer to Note 5 for additional information on acquisition of Delphi businesses.

Investment in China JVs

Our Chinese operations, which we established beginning in 1997, are comprised of the following joint ventures: SGM, SGMW, FAW-GM Light Duty Commercial Vehicle, Ltd. (FAW-GM), Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car

Table of Contents

JV), collectively referred to as the China JVs. Sales and income of these joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet and Cadillac.

SGMW produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling, Chevrolet and Baojun brands. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member.

SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which is contingently exercisable based on events which we do not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on this transaction in the year ended December 31, 2010.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction, we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW. The fair value of the additional 10% interest in SGMW was $394 million at the date of the transaction, as determined using a discounted cash flow methodology. The difference between the cash consideration and the fair value of the 10% interest in SGMW is being deferred and amortized over the three year period we will provide technical services to the Wuling Group. During the year ended December 31, 2010 $14 million was amortized and recorded in Interest income and other non-operating income, net.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in significant nonconsolidated affiliates (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount of investment in China JVs	$ 6,133	$ 5,648
Carrying amount of investment in New Delphi	2,043	1,908
Carrying amount of other investments	353	380
Total equity in net assets of nonconsolidated affiliates	$ 8,529	$ 7,936

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On July 10, 2009 our investments in SGM and its subsidiaries were adjusted to their fair values. Our investment in SGM was increased by fresh-start reporting adjustments of $3.5 billion. This fair value adjustment of $3.5 billion was allocated as follows: (1) goodwill of $2.9 billion; (2) intangible assets of $0.6 billion; and (3) property of $38 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of the assets ranging from seven to 25 years, with amortization expense of $24 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from two to 22 years, with depreciation expense of $5 million per year.

On July 10, 2009 our investment in SGMW was adjusted to its fair value. Our investment in SGMW was increased by fresh-start reporting adjustments of $265 million which were allocated as follows: (1) goodwill of $165 million; (2) intangible assets of $93 million; and (3) property of $7 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $4 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

As a result of our purchase of an additional 10% interest in SGMW, our additional investment was recorded at its fair value of $394 million, an increase of $322 million from SGMW's book value. This fair value increase was allocated as follows: (1) goodwill of $231 million; (2) intangible assets of $82 million; (3) inventory of $5 million; and (4) property of $4 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $3 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

The following table presents summarized financial data for all of our nonconsolidated affiliates, excluding Ally Financial (dollars in millions):

	China JVs December 31, 2010	Others December 31, 2010	Total December 31, 2010	China JVs December 31, 2009	Others December 31, 2009	Total December 31, 2009
Summarized Balance Sheet Data						
Current assets	$ 9,689	$ 9,708	$ 19,397	$ 6,954	$ 8,507	$ 15,461
Non-current assets	4,147	5,001	9,148	3,794	4,874	8,668
Total assets	$ 13,836	$ 14,709	$ 28,545	$ 10,748	$ 13,381	$ 24,129
Current liabilities	$ 8,931	$ 4,745	$ 13,676	$ 6,695	$ 4,608	$ 11,303
Non-current liabilities	580	2,232	2,812	302	1,905	2,207
Total liabilities	$ 9,511	$ 6,977	$ 16,488	$ 6,997	$ 6,513	$ 13,510
Non-controlling interests	$ 766	$ 474	$ 1,240	$ 638	$ 440	$ 1,078

	Year Ended December 31, 2010 (a)	Year Ended December 31, 2009 (b)	Year Ended December 31, 2008
Summarized Operating Data			
China JV's net sales	$ 25,395	$ 18,098	$ 10,883
Others' net sales	17,500	7,457	10,415
Total net sales	$ 42,895	$ 25,555	$ 21,298
China JV's net income	$ 2,808	$ 1,636	$ 671
Others' net income	656	161	(5,212)
Total net income	$ 3,464	$ 1,797	$ (4,541)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Summarized financial information is not included for a joint venture that we dissolved in June 2010. We recognized equity income of $10 million in the six months ended June 30, 2010.

(b) Summarized financial information is not included for a joint venture which remained with MLC at July 9, 2009. Old GM recognized equity loss of $243 million in the period January 1, 2009 through July 9, 2009.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and parts, and we purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates, excluding transactions with Ally Financial which are disclosed in Note 32, which are not eliminated in consolidation (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Results of Operations				
Automotive sales	$ 2,910	$ 899	$ 596	$ 1,076
Automotive purchases, net	$ 2,881	$ 1,190	$ 737	$ 3,815
Automotive selling, general and administrative expense	$ 3	$ (19)	$ (19)	$ 62
Automotive interest expense	$ 16	$ —	$ —	$ —
Interest income and other non-operating income (expense), net	$ 43	$ 14	$ (9)	$ 231

	Successor	
	December 31, 2010	December 31, 2009
Financial Position		
Accounts and notes receivable, net	$ 1,618	$ 771
Accounts payable (principally trade)	$ 641	$ 579

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash Flows				
Operating	$ 719	$ 538	$ 546	$ (1,014)
Investing	$ (74)	$ (67)	$ —	$ 370
Financing	$ —	$ —	$ —	$ —

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In January 2009 Old GM entered into the UST Ally Financial Loan Agreement pursuant to which Old GM borrowed $884 million (UST Ally Financial Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests in Ally Financial. The UST Ally Financial Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST Ally Financial Loan Agreement was secured by Old GM's Common and Preferred Membership Interests in Ally Financial. The UST had the option to convert outstanding amounts into a maximum of 190,921 shares of Ally Financial's Class B Common Membership Interests on a pro rata basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST Ally Financial Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of Ally Financial Common Membership Interests of $2.5 billion recorded in Equity in income of and disposition of interest in Ally Financial and a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion recorded in Loss on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of Ally Financial's Common Membership Interests.

Ally Financial converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in Ally Financial using the cost method rather than the equity method as Old GM could not exercise significant influence over Ally Financial. Prior to converting to a C corporation, Old GM's investment in Ally Financial was accounted for in a manner similar to an investment in a limited liability partnership and the equity method was applied because Old GM's influence was more than minor. In connection with Ally Financial's conversion into a C corporation, each unit of each class of Ally Financial Membership Interests was converted into shares of capital stock of Ally Financial with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investment in Ally Financial's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to Ally Financial of $3.8 billion. The UST also exchanged all of its existing Ally Financial non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion and converted mandatory convertible preferred securities valued at $3.0 billion into Ally Financial common stock. These actions resulted in the dilution of our investment in Ally Financial common stock from 24.5% to 16.6%, of which 6.7% was held directly and 9.9% was held indirectly through an independent trust.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

The following tables summarize financial information of Ally Financial for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Six Months Ended June 30, 2009	Year Ended December 31, 2008
Consolidated Statement of Income (Loss)		
Total financing revenue and other interest income	$ 6,916	$ 18,054
Total interest expense	$ 3,936	$ 10,441
Depreciation expense on operating lease assets	$ 2,113	$ 5,478
Gain on extinguishment of debt	$ 657	$ 12,628
Total other revenue	$ 2,117	$ 15,271
Total noninterest expense	$ 3,381	$ 8,349
Loss from continuing operations before income tax expense	$ (2,260)	$ 4,737
Income tax expense from continuing operations	$ 972	$ (136)
Net income (loss) from continuing operations	$ (3,232)	$ 4,873
Loss from discontinued operations, net of tax	$ (1,346)	$ (3,005)
Net income (loss)	$ (4,578)	$ 1,868

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	June 30, 2009
Condensed Consolidated Balance Sheet	
Loans held for sale	$ 11,440
Total finance receivables and loans, net	$ 87,520
Investment in operating leases, net	$ 21,597
Other assets	$ 22,932
Total assets	$ 181,248
Total debt	$ 105,175
Accrued expenses and other liabilities	$ 41,363
Total liabilities	$ 155,202
Preferred stock held by UST	$ 12,500
Preferred stock	$ 1,287
Total equity	$ 26,046

Ally Financial – Preferred and Common Membership Interests

The following tables summarize the activity with respect to the investment in Ally Financial Common and Preferred Membership Interests for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Predecessor	
	Ally Financial Common Membership Interests	Ally Financial Preferred Membership Interests
Balance at January 1, 2009	$ 491	$ 43
Old GM's proportionate share of Ally Financial's losses (a)	(1,130)	(7)
Investment in Ally Financial Common Membership Interests	884	—
Gain on disposition of Ally Financial Common Membership Interests	2,477	—
Conversion of Ally Financial Common Membership Interests	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$ 36

(a) Due to impairment charges and Old GM's proportionate share of Ally Financial's losses, the carrying amount of Old GM's investments in Ally Financial Common Membership Interests was reduced to $0. Old GM recorded its proportionate share of Ally Financial's remaining losses to its investment in Ally Financial Preferred Membership Interests.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 12. Property, net

Automotive

The following table summarizes the components of Property, net (dollars in millions):

	Successor			
	Estimated Useful Lives (Years)	December 31, 2010	Estimated Useful Lives (Years)	December 31, 2009
Land	—	$ 2,536	—	$ 2,602
Buildings and land improvements	2-40	4,324	2-40	4,292
Machinery and equipment	3-30	8,727	3-30	6,686
Construction in progress	—	1,754	—	1,649
Real estate, plants, and equipment		17,341		15,229
Less accumulated depreciation		(3,277)		(1,285)
Real estate, plants, and equipment, net		14,064		13,944
Special tools, net	1-13	5,171	1-13	4,743
Total property, net		$ 19,235		$ 18,687

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Capitalized interest	$ 62	$ 21	$ 28	$ 576

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Capitalized software in use, net	$ 287	$ 263
Capitalized software in the process of being developed	$ 96	$ 81

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation and impairment of long-lived assets	$ 1,988	$ 1,355	$ 4,352	$ 4,863
Amortization and impairment of special tools	1,826	865	2,139	3,493
Total depreciation, impairment charges and amortization expense	$ 3,814	$ 2,220	$ 6,491	$ 8,356
Capitalized software amortization expense (a)	$ 195	$ 132	$ 136	$ 209

(a) Included in Total depreciation, impairment charges and amortization expense.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. As a result, Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. We recorded incremental depreciation and amortization of $18 million and $20 million in the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion and $0.8 billion in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Note 13. Goodwill

Consolidated

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor						
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	GM Financial	Total
Balance at January 1, 2010	$26,409	$3,335	$771	$ 157	$ 30,672	$ —	$30,672
Reporting unit reorganization (b)	—	(82)	82	—	—	—	—
Goodwill acquired (c)	—	—	—	—	—	1,265	1,265
Disposals	(17)	—	(2)	—	(19)	—	(19)
Effect of foreign currency translation and other	2	(200)	50	8	(140)	—	(140)
Balance at December 31, 2010	26,394	3,053	901	165	30,513	1,265	31,778
Accumulated impairment charges	—	—	—	—	—	—	—
Goodwill	$26,394	$3,053	$901	$ 165	$ 30,513	$ 1,265	$31,778

	Successor					
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	Total
Balance at July 10, 2009 (d)	$26,348	$3,262	$713	$ 141	$ 30,464	$30,464
Goodwill acquired	61	—	—	—	61	61
Effect of foreign currency translation and other	—	73	71	16	160	160
Goodwill included in Assets held for sale	—	—	(13)	—	(13)	(13)
Balance at December 31, 2009	26,409	3,335	771	157	30,672	30,672
Accumulated impairment charges	—	—	—	—	—	—
Goodwill	$26,409	$3,335	$771	$ 157	$ 30,672	$30,672

(a) Reflects the revised segment presentation for our newly created GMSA segment. Refer to Note 35 for additional information.

(b) In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment. Goodwill was reassigned between reporting units on a relative-fair-value basis.

(c) On October 1, 2010 our acquisition of AmeriCredit became effective. Pursuant to ASC 805 we assigned fair value to all assets, including identifiable intangible assets, and liabilities acquired. Subsequent to assigning fair values and recording deferred income taxes in accordance with ASC 740, a residual amount of $1.3 billion was recorded as Goodwill. Goodwill includes $153 million that was recorded at the acquisition date to establish a valuation allowance for deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(d) We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. However, when applying fresh-start reporting, certain accounts, primarily employee benefit plan and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in Goodwill. These valuation allowances were due in part to Old GM's history of recurring operating losses, and our projections at the 363 Sale date of continued near-term operating losses in certain jurisdictions. While the 363 Sale constituted a significant restructuring that eliminated many operating and financing costs, Old GM had undertaken significant restructurings in the past that failed to return certain jurisdictions to profitability. At the 363 Sale date, we concluded that there was significant uncertainty as to whether the recent restructuring actions would return these jurisdictions to sustained profitability, thereby necessitating the establishment of a valuation allowance against certain deferred tax assets. None of the goodwill from this transaction is deductible for tax purposes.

In the three months ended December 31, 2010 and 2009 we performed our annual goodwill impairment analysis of our reporting units at October 1, 2010 and 2009, and in the three months ended June 30, 2010 an event-driven impairment analysis for GME which resulted in no goodwill impairment charges.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures.

Our fair value estimate assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Refer to Note 26 for additional information on goodwill impairments in prior periods.

Note 14. Intangible Assets, net

Automotive

The following table summarizes the components of Intangible assets, net (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	3	$ 7,751	$ 3,650	$ 4,101	4	$ 7,741	$ 1,460	$ 6,281
Brands	37	5,439	222	5,217	38	5,508	72	5,436
Dealer network and customer relationships	20	2,172	199	1,973	21	2,205	67	2,138
Favorable contracts	26	526	120	406	24	542	39	503
Other	2	19	9	10	3	17	3	14
Total amortizing intangible assets	21	15,907	4,200	11,707	20	16,013	1,641	14,372
Non amortizing in process research and development		175	—	175		175	—	175
Total intangible assets		$16,082	$ 4,200	$11,882		$16,188	$ 1,641	$14,547

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Amortization expense related to intangible assets	$ 2,560	$ 1,584	$ 44	$ 83

(a) Amortization expense in the period July 10, 2009 through December 31, 2009 includes an impairment charge of $21 million related to technology and intellectual property. Refer to Note 26 for additional information on the impairment charge.

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2011	$ 1,785
2012	$ 1,560
2013	$ 1,227
2014	$ 611
2015	$ 314

Note 15. Restricted Cash and Marketable Securities

Automotive

Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements. Funds previously held in the UST Credit Agreement and currently held in the Canadian Health Care Trust (HCT) escrow and other accounts have been invested in government securities and money market funds in accordance with the terms of the escrow agreements. At December 31, 2010 and 2009 we held securities of $1.5 billion and $14.2 billion that were classified as Restricted cash and marketable securities. Refer to Note 24 for additional information on securities classified as Restricted cash and marketable securities.

The following table summarizes the components of automotive Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current		
UST Credit Agreement (a)	$ —	$ 12,475
Canadian Health Care Trust (b)	1,008	955
Receivables Program (c)	—	187
Securitization trusts	6	191
Pre-funding disbursements	32	94
Other (d)	194	15
Total current automotive Restricted cash and marketable securities	1,240	13,917
Non-current		
Collateral for insurance related activities	588	658
Other non-current (d)	572	831
Total automotive Restricted cash and marketable securities	$ 2,400	$ 15,406

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) In April 2010 the UST Loans and Canadian Loan were paid in full and funds remaining in escrow were no longer subject to restrictions.

(b) Under the terms of an escrow agreement between GMCL, the EDC and an escrow agent, GMCL established a CAD $1.0 billion (equivalent to $893 million when entered into) escrow to fund certain of its healthcare obligations.

(c) The Receivables Program provided financial assistance to automotive suppliers by guaranteeing or purchasing certain receivables payable by us. In April 2010 the Receivable Program was terminated in accordance with its terms.

(d) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Automotive Financing

Cash subject to contractual restrictions and not readily available is classified as restricted cash.

The following table summarizes the components of automotive financing restricted cash (dollars in millions):

	Successor December 31, 2010
Restricted cash — securitization notes payable (a)	$ 926
Restricted cash — credit facilities (a)	131
Restricted cash — other (b)	33
Total automotive financing restricted cash	$ 1,090

(a) Cash pledged to support securitization transactions and credit facilities is invested in highly liquid securities with original maturities of 90 days or less or in highly rated guaranteed investment contracts.

(b) Other restricted cash is pledged in association with derivative transactions.

Note 16. Other Assets

Automotive

The following table summarizes the components of Other assets (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Investment in Ally Financial common stock	$ 964	$ 970
Investment in Ally Financial preferred stock	665	665
Notes receivable (a)	465	149
Taxes other than income taxes	299	297
Derivative assets	44	44
Other	849	498
Total other assets	$ 3,286	$ 2,623

(a) At December 31, 2010 a note receivable of $245 million is included related to the sale of GM India. Refer to Note 5 for additional information.

Form 10-K

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 17. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are or Old GM was the primary beneficiary primarily include: (1) previously divested suppliers for which we provide or Old GM provided guarantees or financial support; (2) a program announced by the UST in March 2009 to provide financial assistance to automotive suppliers (Receivables Program); (3) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (4) leasing SPEs which held real estate assets and related liabilities for which Old GM provided residual guarantees; and (5) an entity which manages certain private equity investments held by our and Old GM's defined benefit plans, along with seven associated general partner entities.

Certain creditors and beneficial interest holders of these VIEs have or had limited, insignificant recourse to our general credit or Old GM's general credit. In the event that creditors or beneficial interest holders were to have such recourse to our or Old GM's general credit, we or Old GM could be held liable for certain of the VIEs' obligations. GM Daewoo Auto & Technology Co. (GM Daewoo), a non-wholly owned consolidated subsidiary that we control through a majority voting interest, is also a VIE because in the future it may require additional subordinated financial support. The creditors of GM Daewoo's short-term debt of $70 million, preferred shares classified as long-term debt of $835 million and current derivative liabilities of $111 million at December 31, 2010 do not have recourse to our general credit. In February 2011 we provided a guarantee to Korean Development Bank, a minority shareholder in GM Daewoo, to redeem GM Daewoo's preferred shares should GM Daewoo not have sufficient legally distributable earnings.

The following table summarizes the carrying amount of consolidated VIEs that we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor	
	December 31, 2010 (a)(b)	December 31, 2009 (a)
Assets		
Cash and cash equivalents	$ 145	$ 15
Restricted cash and marketable securities	1	191
Accounts and notes receivable, net	121	14
Inventories	108	15
Other current assets	14	—
Property, net	44	5
Other assets	48	33
Total assets	$ 481	$ 273
Liabilities		
Accounts payable (principally trade)	$ 226	$ 17
Short-term borrowings and current portion of long-term debt	5	205
Accrued liabilities	34	10
Other liabilities	42	23
Total liabilities	$ 307	$ 255

(a) Amounts exclude GM Daewoo.

(b) At December 31, 2010 GM Egypt had Total assets of $401 million and Total liabilities of $277 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amounts recorded in earnings related to consolidated VIEs we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)(b)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (a)	Year Ended December 31, 2008 (a)
Total net sales and revenue	$ 753	$ 41	$ 31	$ 40
Automotive cost of sales	623	8	(1)	5
Automotive selling, general administrative expense	34	8	5	(11)
Other automotive expenses, net	3	9	10	19
Automotive interest expense	6	14	22	—
Interest income and other non-operating income, net	6	—	—	—
Reorganization loss, net	—	—	26	—
Income tax expense	11	1	—	—
Equity income, net of tax	2	—	—	—
Net income (loss)	$ 84	$ 1	$ (31)	$ 27

(a) Amounts exclude GM Daewoo.

(b) In the year ended December 31, 2010 GM Egypt recorded Total net sales and revenue of $714 million.

GM Egypt

GM Egypt, of which we own 31%, is an automotive manufacturing organization that was previously accounted for using the equity method of accounting. GM Egypt was founded in March 1983 to assemble and manufacture vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. In connection with our adoption of amendments to ASC 810, we consolidated GM Egypt in January 2010.

Receivables Program

At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

CAMI

In March 2009 Old GM determined that due to changes in contractual arrangements related to CAMI Automotive Inc. (CAMI), it was required to reconsider its previous conclusion that CAMI was not a VIE. As a result of Old GM's analysis, it determined that CAMI was a VIE and Old GM was the primary beneficiary, and therefore Old GM consolidated CAMI. The equity interests held by Old GM and held by the noncontrolling interest had a fair value of approximately $12 million. Total assets were approximately $472 million comprised primarily of property, plants, and equipment and related party accounts receivable and inventory. Total liabilities were approximately $460 million, comprised primarily of long-term debt, accrued liabilities and pension and other post-employment benefits. In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million, increasing our ownership interest from 50% to 100%. CAMI is a wholly-owned subsidiary and therefore not included in the previous tabular disclosure.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive Financing

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts which are structured without recourse.

GM Financial's continuing involvement with the credit facilities and securitization trusts includes servicing loans held by the SPEs and holding a residual interest in the SPE. The SPEs are considered VIEs because they do not have sufficient equity at risk, and are consolidated because GM Financial is the primary beneficiary and has the power over those activities that most significantly affect the economic performance of the SPEs, and has an obligation to absorb losses or the right to receive benefits from the SPEs which are potentially significant. Refer to Notes 6, 7 and 19 for additional information on GM Financial's involvement with the SPEs.

GM Financial is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The finance receivables and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 6 and 7 for disclosures related to the amounts held by the SPEs as of the balance sheet dates.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated because we are not or Old GM was not the primary beneficiary primarily include: (1) troubled suppliers for which we provide or Old GM provided guarantees or financial support; (2) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles and related services; (3) leasing entities for which residual value guarantees were made; (4) certain research entities for which annual ongoing funding requirements exist; and (5) Ally Financial.

Guarantees and financial support are provided to certain current or previously divested suppliers in order to ensure that supply needs for production are not disrupted due to a supplier's liquidity concerns or possible shutdowns. Types of financial support that we provide and Old GM provided include, but are not limited to: (1) funding in the form of a loan; (2) guarantees of the supplier's debt or credit facilities; (3) one-time payments to fund prior losses of the supplier; (4) indemnification agreements to fund the suppliers' future losses or obligations; (5) agreements to provide additional funding or liquidity to the supplier in the form of price increases or changes in payment terms; and (6) assisting the supplier in finding additional investors. The maximum exposure to loss related to these VIEs is not expected to be in excess of the amount of net accounts and notes receivable recorded with the suppliers and any related guarantees and loan commitments.

We have and Old GM had investments in joint ventures that manufacture, market and sell vehicles in certain markets. The majority of these joint ventures are typically self-funded and financed with no contractual terms that require us to provide future financial support. Future funding is required for HKJV, as subsequently discussed. The maximum exposure to loss is not expected to be in excess of the carrying amount of the investments recorded in Equity in net assets of nonconsolidated affiliates, and any related capital funding requirements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 32 (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Carrying Amount	Maximum Exposure to Loss (a)	Carrying Amount	Maximum Exposure to Loss (a)
Assets				
Accounts and notes receivable, net	$ 108	$ 108	$ 8	$ 8
Equity in net assets of nonconsolidated affiliates	274	274	96	50
Other assets	60	59	26	26
Total assets	$ 442	$ 441	$ 130	$ 84
Liabilities				
Accounts payable (principally trade)	$ 1	$ —	$ —	$ —
Other liabilities	44	—	—	—
Total liabilities	$ 45	$ —	$ —	$ —
Off-Balance Sheet				
Residual value guarantees		$ —		$ 32
Loan commitments (b)		100		115
Other guarantees		3		4
Other liquidity arrangements (c)		223		—
Total guarantees and liquidity arrangements		$ 326		$ 151

(a) Amounts at December 31, 2010 and 2009 included $148 million and $139 million related to troubled suppliers.

(b) Amounts at December 31, 2010 and 2009 include undrawn loan commitments, primarily $100 million related to American Axle and Manufacturing Holdings, Inc. (American Axle).

(c) Amounts at December 31, 2010 include capital funding requirements, primarily an additional contingent future funding requirement of up to $223 million related to HKJV.

Stated contractual voting or similar rights for certain of our joint venture arrangements provide various parties with shared power over the activities that most significantly affect the economic performance of certain nonconsolidated VIEs. Such nonconsolidated VIEs are operating joint ventures located in developing international markets.

American Axle

In September 2009 we paid $110 million to American Axle, a former subsidiary and current supplier, to settle and modify existing commercial arrangements and acquire warrants to purchase 4 million shares of American Axle's common stock. We also provided American Axle with a second lien term loan facility of up to $100 million. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

As a result of these transactions, we concluded that American Axle was a VIE for which we were not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of American Axle that most significantly affect its economic performance. Our variable interests in American Axle include the warrants we received and the second lien term loan facility, which expose us to possible future losses depending on the financial performance of American Axle. At December 31, 2010 no amounts were outstanding under the second lien term loan facility. At December 31, 2010 our maximum contractual exposure to loss related to American Axle was $144 million, which represented the fair value of the warrants of $44 million and the potential

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

exposure of $100 million related to the second lien term loan facility. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

Ally Financial

We own 9.9% of Ally Financial's common stock and preferred stock with a liquidation preference of $1.0 billion. Ally Financial is a VIE as it does not have sufficient equity at risk; however, we are not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of Ally Financial that most significantly affect its economic performance. Refer to Notes 11 and 32 for additional information on our investment in Ally Financial, our significant agreements with Ally Financial and our maximum exposure under those agreements.

Saab

Our primary variable interest in Saab is the preference shares that we received in connection with the sale, which have a face value of $326 million and were recorded at an estimated fair value that is insignificant. We concluded that Saab is a VIE as it does not have sufficient equity at risk. We also determined that we are not the primary beneficiary because we lack the power to direct those activities that most significantly affect its economic performance. We continue to be obligated to fund certain Saab related liabilities, primarily warranty obligations related to vehicles sold prior to the disposition of Saab. At December 31, 2010 our maximum exposure to loss related to Saab was $105 million. Refer to Note 5 for additional information on the sale of Saab.

HKJV

In December 2009 we established the HKJV operating joint venture to invest in automotive projects outside of China, initially focusing on markets in India. HKJV purchased GM India in February 2010. We determined that HKJV is a VIE because it will require additional subordinated financial support, and we determined that we are not the primary beneficiary because we share the power with SAIC-HK to direct those activities that most significantly affect HKJV's economic performance. Refer to Note 5 for additional information on HKJV.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 18. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

Automotive

The following table summarizes the components of Accrued liabilities, other liabilities and deferred income taxes:

	Successor	
	December 31, 2010	December 31, 2009
Current		
Dealer and customer allowances, claims and discounts	$ 6,885	$ 6,444
Deposits from rental car companies	5,037	4,583
Deferred revenue	1,104	892
Policy, product warranty and recall campaigns	2,587	2,965
Payrolls and employee benefits excluding postemployment benefits	2,141	1,325
Insurance reserves	245	243
Taxes other than income taxes	1,083	1,031
Derivative liability	115	568
Postemployment benefits including facility idling reserves	672	985
Interest	48	142
Pensions	425	430
Income taxes	702	219
Deferred income taxes	23	57
Other	2,352	2,404
Total accrued liabilities	$ 23,419	$ 22,288
Non-current		
Dealer and customer allowances, claims and discounts	$ 344	$ 1,311
Deferred revenue	753	480
Policy, product warranty and recall campaigns	4,202	4,065
Payrolls and employee benefits excluding postemployment benefits	1,549	1,818
Insurance reserves	285	269
Derivative liability	7	146
Postemployment benefits including facility idling reserves	1,574	1,944
Income taxes	650	944
Deferred income taxes	1,207	807
Other	2,450	1,495
Total other liabilities and deferred income taxes	$ 13,021	$ 13,279

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 7,030	$ 7,193	$ 8,491	$ 9,615
Warranties issued and assumed in period	3,204	1,388	1,069	4,277
Payments	(3,662)	(1,797)	(1,851)	(5,068)
Adjustments to pre-existing warranties	210	66	(153)	294
Effect of foreign currency translation	7	180	63	(627)
Liability adjustment, net due to the deconsolidation of Saab (a)	—	—	(77)	—
Ending balance	6,789	7,030	7,542	8,491
Effect of application of fresh-start reporting	—	—	(349)	—
Ending balance including effect of application of fresh-start reporting	$ 6,789	$ 7,030	$ 7,193	$ 8,491

(a) In August 2009 Saab met the criteria to be classified as held for sale and, as a result, Saab's warranty liability was classified as held for sale at December 31, 2009.

Note 19. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of automotive short-term debt and current portion of long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
UST Loans	$ —	$ 5,712
Canadian Loan	—	1,233
GM Daewoo Revolving Credit Facility	—	1,179
Short-term debt — third parties	80	296
Short-term debt— related parties (a)	1,043	1,077
Current portion of long-term debt	493	724
Total automotive short-term debt and current portion of long-term debt	$ 1,616	$ 10,221
Available under short-term line of credit agreements (b)	$ 445	$ 220
Interest rate range on outstanding short-term debt (c)	0.0 –16.7%	0.0 –19.0%
Weighted-average interest rate on outstanding short-term debt (d)	5.7%	6.5%

(a) Primarily dealer financing from Ally Financial for dealerships we consolidate.

(b) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

(c) Includes zero coupon debt.

(d) Includes coupon rates on debt denominated in various foreign currencies.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the components of automotive long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
VEBA Notes	$ —	$ 2,825
Other long-term debt	3,507	3,461
Total debt	3,507	6,286
Less current portion of long-term debt	(493)	(724)
Total automotive long-term debt	$ 3,014	$ 5,562
Available under long-term line of credit agreements (a)	$ 5,474	$ 398

(a) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

Automotive Financing

The following table summarizes the components of GM Financial debt (dollars in millions):

	Successor
	December 31, 2010
Credit facilities	
Medium-term note facility	$ 490
Syndicated warehouse facility	278
Bank funding facilities	64
Total credit facilities	832
Securitization notes payable	6,128
Senior notes and convertible senior notes (a)	72
Total GM Financial debt	$ 7,032

(a) Senior notes and convertible senior notes are included in GM Financial Other liabilities.

Automotive

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;
- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under the Employee Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for a facility of this nature.

UST Loans and UST Loan Agreement

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, there was no deposit remaining in escrow at December 31, 2010.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. In

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

March 2010 and December 2009 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010 we repaid the full outstanding amount of $4.7 billion using funds from our escrow account.

While we have repaid the UST Loans in full, certain of the covenants in the UST Credit Agreement and the executive compensation and corporate governance provisions of Section 111 of the Emergency Stabilization Act of 2008, as amended, including the Interim Final Rule implementing Section 111 (the Interim Final Rule), remain in effect until the earlier to occur of the UST ceasing to own direct or indirect equity interests in us or our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The following table summarizes interest expense and interest paid on the UST Loans, the loans under the UST Loan Agreement (UST Loan Facility) and the DIP Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$ 117	$ 226	$ 4,006
Interest paid	$ 206	$ 137	$ 144

(a) UST Loans.

(b) UST Loan Facility and the DIP Facility.

VEBA Notes

In connection with the 363 Sale, we entered into the VEBA Note Agreement and issued VEBA Notes of $2.5 billion to the New VEBA. The VEBA Notes had an implied interest rate of 9.0% per annum. The VEBA Notes and accrued interest were contractually scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017.

The obligations under the VEBA Note Agreement were secured by substantially all of our U.S. assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion, which resulted in a gain of $198 million included in Gain (loss) on extinguishment of debt.

The following table summarizes interest expense on the VEBA Notes (dollars in millions):

	Successor
	Year Ended December 31, 2010
Interest expense	$ 166

Canadian Loan Agreement and EDC Loan Facility

On July 10, 2009 we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In March 2010 and December 2009 we made quarterly payments of $194 million and $192 million on the Canadian Loan. In April 2010 GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes interest expense and interest paid on the Canadian Loan and the EDC Loan Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$ 26	$ 46	$ 173
Interest paid	$ 26	$ 46	$ 6

(a) Canadian Loan.

(b) EDC Loan Facility.

GM Daewoo Revolving Credit Facility

GM Daewoo's revolving credit facility was a Korean Won denominated facility secured by substantially all of GM Daewoo's property, plants, and equipment. Amounts borrowed under this facility accrued interest based on the Korean Won denominated 91-day certificate of deposit rate. The facility was used by GM Daewoo for general corporate purposes, including working capital needs. During 2010 GM Daewoo repaid in full its KRW 1.4 trillion (equivalent of $1.2 billion at the time of payment) revolving credit facility.

German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into). In November 2009 the debt was paid in full and extinguished.

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest expense	$ 32	$ 5
Interest paid	$ 37	$ —

Other Long-Term Debt

	Successor	
	December 31, 2010	December 31, 2009
Unsecured debt	$ 1,985	$ 1,228
Secured debt	868	1,540
Capital leases	654	693
Total other long-term debt (a)	$ 3,507	$ 3,461
Weighted-average coupon rate	2.7%	5.8%

(a) Net of a $1.9 billion and $1.6 billion discount at December 31, 2010 and 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Technical Defaults and Covenant Violations

Several of our loan facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2010.

Automotive Financing

Credit Facilities

The following table summarizes details regarding terms and availability of GM Financial's credit facilities at December 31, 2010 (in millions):

	Facility Amount	Advances Outstanding	Finance Receivables Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$1,300	$ 278	$ 409	$ 8
Medium-term note facility (c)		490	539	95
Bank funding facilities (d)		64	—	—
		$ 832	$ 948	$ 103

(a) These amounts do not include cash collected on finance receivables pledged of $28 million which is included in GM Financial Restricted cash at December 31, 2010.

(b) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(c) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(d) The revolving period under this facility has ended and the outstanding balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial's credit facilities are administered by agents on behalf of institutionally managed commercial paper or medium-term note conduits. Under these funding agreements, GM Financial transfers finance receivables to its special purpose financing trusts. These subsidiaries, in turn, issue notes to the agents, collateralized by such finance receivables and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to GM Financial in consideration for the transfer of finance receivables. These subsidiaries are separate legal entities and the finance receivables and other assets held by these subsidiaries are legally owned by these subsidiaries and are not available to GM Financial's creditors or their other subsidiaries. Advances under the funding agreements bear interest at commercial paper, London Interbank Offered Rates (LIBOR) or prime rates plus a credit spread and specified fees depending upon the source of funds provided by the agents.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of its credit facilities. The credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios including portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios, as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict GM Financial's ability to obtain additional borrowings under this facility. At December 31, 2010 GM Financial was in compliance with all covenants in its credit facilities. Refer to Note 15 for additional discussion on GM Financial's restricted cash.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase price premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2010 unamortized purchase price premium of $107 million is included in Securitization notes payable.

The following table summarizes securitization notes payable at December 31, 2010 (dollars in millions):

Transaction	Maturity Dates (a)	Original Note Amounts	Original Weighted Average Interest Rates	Total Receivables Pledged	Note Balance
2006	May 2013 – January 2014	$ 945 -1,350	5.2% - 5.6%	$ 600	$ 537
2007	October 2013 – March 2016	$1,000 -1,500	5.2% - 5.5%	1,715	1,610
2008 (b)	October 2014 – April 2015	$ 500 - 750	6.0% -10.5%	911	501
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	715	494
2010	June 2016 – January 2018	$ 200 - 850	2.2% - 3.8%	3,014	2,683
BV2005 (c)	May 2012 – June 2014	$ 186 - 232	4.6% - 5.1%	27	28
LB2006 (c)	May 2013 – January 2014	$ 450 - 500	5.0% - 5.4%	174	168
				$ 7,156	$6,021
Purchase accounting premium					107
Total securitization notes payable					$6,128

(a) Maturity date represents final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

(b) Note balance does not include asset-backed securities of $65 million pledged to the bank funding facilities.

(c) Transactions relate to certain special purpose financing trusts acquired by GM Financial.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Securitization Notes Payable Covenants

With respect to GM Financial's securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Agreements with GM Financial's financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured trust were to exceed these higher levels, provisions of the agreements permit GM Financial's financial guaranty insurance providers to declare the occurrence of an event of default and terminate GM Financial's servicing rights to the receivables transferred to that trust. At December 31, 2010 no such servicing right termination events have occurred with respect to any of the trusts formed by GM Financial.

Senior Notes and Convertible Senior Notes

As a result of the acquisition of AmeriCredit, the holders of the senior notes and the convertible senior notes had the right to require GM Financial to repurchase some or all of their notes as provided in the indentures for such notes. The repurchase dates for any notes tendered to GM Financial pursuant to procedures previously delivered to holders of senior notes and convertible senior notes were December 3, 2010 with respect to the senior notes, and December 10, 2010 with respect to the convertible senior notes. The repurchase price with respect to the senior notes is 101% of the principal amount of the notes plus accrued interest, and the repurchase price with respect to the convertible senior notes is the principal amount of the notes plus accrued interest. Pursuant to the terms of the convertible senior notes indentures a payment of $0.69 per $1,000 of principal amount of the convertible senior notes due in 2011 and $0.81 per $1,000 of principal amount of the convertible senior notes due in 2013 was made to those who elected to convert as a result of the acquisition. During the three months ended December 31, 2010 GM Financial repurchased convertible senior notes of $461 million and senior notes of $2 million.

Long-Term Debt Maturities

Consolidated

The following table summarizes long-term debt maturities including capital leases (dollars in millions):

	At December 31,		
	Automotive	Automotive Financing (a)	Total
2011	$ 493	$ 3,495	$ 3,988
2012	752	1,998	2,750
2013	400	660	1,060
2014	132	423	555
2015	128	343	471
Thereafter	3,506	—	3,506
	$ 5,411	$ 6,919	$12,330

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes and convertible senior notes principal amounts are based on maturity.

At December 31, 2010 future interest payments on automotive capital lease obligations was $564 million. GM Financial does not have capital lease obligations at December 31, 2010.

Old GM

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. Because the terms of the amended U.S. term loan were substantially different than the original terms, primarily due to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the period January 1, 2009 through July 9, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt primarily due to the face value of the U.S. term loan exceeding the carrying amount.

Contractual interest expense not accrued or recorded on pre-petition debt was $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Contingent Convertible Debt

Old GM adopted the provisions of ASC 470-20, "Debt with Conversion and Other Options" (ASC 470-20) in January 2009, with retrospective application to prior periods. At July 9, 2009 Old GM's contingent convertible debt outstanding was $7.4 billion, comprised of principal of $7.9 billion and unamortized discounts of $551 million. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. In connection with the 363 Sale, MLC retained the contingent convertible debt.

The following table summarizes the components of Interest expense related to contingent convertible debt (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest accrued or paid (a)	$ 176	$ 427
Amortization of discounts	51	136
Interest expense	$ 227	$ 563

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

Note 20. Pensions and Other Postretirement Benefits

Consolidated

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trades hourly U.S. employees hired after October 15, 2007 participate in a defined benefit cash balance plan. In September 2010 the U.S. hourly defined benefit pension plan was amended to create a legally separate new defined benefit pension plan for the participants who are covered by the cash balance benefit formula. The underlying benefits offered to plan participants were unchanged. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007, and it is based on an "excess plan" for service after that date.

Defined Contribution Plans

The Savings-Stock Purchase Plan (S-SPP) is a defined contribution retirement savings plan for eligible U.S. salaried employees. The S-SPP provides discretionary matching contributions up to certain predefined limits based upon eligible base salary. The matching contribution for the S-SPP was suspended by Old GM in November 2008, and we reinstated the matching contribution for

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the S-SPP in October 2009. The contribution equal to 1.0% of eligible base salary for U.S. salaried employees with a service commencement date on or after January 1, 1993 was discontinued effective on January 1, 2010. For eligible U.S. salaried employees with a service commencement date on or after January 1, 2001 a retirement contribution to the S-SPP equal to 4.0% of eligible base salary is provided. Contributions are also made to certain non-U.S. defined contribution plans. Certain U.S. hourly employees are not eligible for postretirement healthcare. Such employees receive a $1.00 per compensated hour contribution into their Personal Saving Plan account.

The following table summarizes contributions to defined contribution plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total contributions	$ 241	$ 100	$ 70	$ 297

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

Significant Plan Amendments, Benefit Modifications and Related Events

Remeasurements

Significant interim remeasurements are included in the change in benefit obligation for the year ended December 31, 2010. There were no significant remeasurements, curtailments or settlements as a result of changes to the underlying benefits offered to the plan participants.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act was signed into law in March 2010 and contains provisions that require all future reimbursement receipts under the Medicare Part D retiree drug subsidy program to be included in taxable income. This taxable income inclusion will not significantly affect us because effective January 1, 2010 we no longer provide prescription drug coverage to post-age 65 Medicare-eligible participants and we have a full valuation allowance against our net deferred tax assets in the U.S. We have assessed the other provisions of this new law, based on information known at this time and we have included the effect, which is not significant, in our benefit obligations at December 31, 2010.

Expected Contributions

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at approximately $2.2 billion for funding purposes. This was a voluntary contribution that is above our minimum funding requirements of the pension plans. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011. We are evaluating whether we will make additional voluntary contributions to our U.S. pension plans in 2011. We expect to contribute $95 million to our U.S. non-qualified pension plans and $740 million to our non-U.S. pension plans in 2011.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the significant defined benefit plan interim remeasurements, the related changes in accumulated postretirement benefit obligations (APBO), projected benefit obligations (PBO) and the associated curtailments, settlements and termination benefits recorded in our earnings in the period July 10, 2009 through December 31, 2009 and the period January 1, 2009 through July 9, 2009, which are subsequently discussed (dollars in millions):

		Successor					
		July 10, 2009 Through December 31, 2009					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs (b)	U.S. hourly defined benefit pension plan	—	—	$ 58	$ —	$ —	$ (58)
Global salaried workforce reductions (b)	U.S. salaried defined benefit pension plan	—	—	175	—	—	(175)
2009 UAW Retiree Settlement Agreement — December	UAW hourly retiree medical plan	—	—	(22,654)	—	(2,571)	—
IUE-CWA and USW Settlement Agreement — November (c)	U.S. hourly defined benefit pension plan	5.58%	5.26%	1,897	—	—	—
	Non-UAW hourly retiree healthcare plan	6.21%	5.00%	360	—	—	—
	U.S. hourly life plan	5.41%	5.56%	53	—	—	—
Delphi Benefit Guarantee Agreements — August (c)	U.S. hourly defined benefit pension plan	5.83%	5.58%	2,548	—	—	—
Total				$ (17,563)	$ —	$ (2,571)	$ (233)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost and benefit payments. Excludes effect of asset returns that are higher or lower than expected.

(b) Reflects the effect on PBO. There was no remeasurement.

(c) Includes reclassification of contingent liability to benefit plan obligation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

		Predecessor					
		January 1, 2009 Through July 9, 2009					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs — June	U.S. hourly defined benefit pension plan	6.15%	6.25%	$ 7	$ (1,390)	$ —	$ (12)
Global salaried workforce reductions — June	U.S. salaried defined benefit pension plan			24	(327)	—	—
U.S. salaried benefits changes — February	U.S. salaried retiree life insurance plan	7.25%	7.15%	(420)	—	—	—
U.S. salaried benefits changes — June	U.S. salaried retiree healthcare program			(265)	—	—	—
2009 CAW Agreement — June	Canadian hourly defined benefit pension plan	6.75%	5.65%	340	—	—	(26)
2009 CAW Agreement — June	CAW hourly retiree healthcare plan and CAW retiree life plan	7.00%	5.80%	(143)	93	—	—
Total				$ (457)	$ (1,624)	$ —	$ (38)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost, benefit payments and effect of foreign currency translation. Excludes effect of asset returns that are higher or lower than expected.

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions, settlements of pre-bankruptcy claims with various represented employee groups and plan amendments resulted in plan remeasurements as follows:

- Special attrition programs resulted in a reduction in the hourly workforce;
- Global salaried workforce actions reduced employment;
- The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the hourly Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements; and
- U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 we and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued OPEB liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred on December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the PBO or APBO of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent HCT to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT,

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 101,571	$24,374	$ 5,788	$ 3,797
Service cost	451	386	21	32
Interest cost	5,275	1,187	288	200
Plan participants' contributions	—	7	53	9
Amendments	2	(5)	3	—
Actuarial losses	5,251	168	255	185
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	189	—	200
Divestitures	(6)	(75)	(2)	—
Curtailments, settlements, and other	—	(22)	1	2
Ending benefit obligation	103,395	24,762	5,667	4,252
Change in plan assets				
Beginning fair value of plan assets	84,500	14,027	31	—
Actual return on plan assets	11,561	1,234	5	—
Employer contributions	4,095	777	651	164
Plan participants' contributions	—	7	53	9
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	505	—	—
Divestitures	—	(59)	—	—
Settlements	—	(174)	—	—
Other	—	33	—	—
Ending fair value of plan assets	91,007	14,903	—	—
Ending funded status	$ (12,388)	$ (9,859)	$ (5,667)	$ (4,252)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 72	$ —	$ —
Current liability	(93)	(332)	(440)	(185)
Non-current liability	(12,295)	(9,599)	(5,227)	(4,067)
Net amount recorded	$ (12,388)	$ (9,859)	$ (5,667)	$ (4,252)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,609	$ (701)	$ (460)	$ (259)
Net prior service credit	10	12	—	85
Total recorded in Accumulated other comprehensive income (loss)	$ 3,619	$ (689)	$ (460)	$ (174)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,012	$ 21,392	$ 27,639	$ 3,420
Service cost	216	157	62	17
Interest cost	2,578	602	886	94
Plan participants' contributions	—	4	172	—
Amendments	(13)	(9)	1	(89)
Actuarial (gains) losses	3,102	1,592	1,732	64
Benefits paid	(3,938)	(714)	(1,700)	(70)
Medicare Part D receipts	—	—	84	—
IUE-CWA & USW related liability transfer	—	—	514	—
Foreign currency translation adjustments	—	1,469	—	376
Delphi benefit guarantee and other	1,365	—	—	—
UAW retiree medical plan settlement	—	—	(25,822)	—
Curtailments, settlements, and other (a)	249	(119)	2,220	(15)
Ending benefit obligation	101,571	24,374	5,788	3,797
Change in plan assets				
Beginning fair value of plan assets	78,493	8,616	10,702	—
Actual return on plan assets	9,914	1,201	1,909	—
Employer contributions	31	4,287	1,528	70
Plan participants' contributions	—	4	172	—
Benefits paid	(3,938)	(714)	(1,700)	(70)
UAW hourly retiree medical plan asset settlement	—	—	(12,586)	—
Foreign currency translation adjustments	—	765	—	—
Other	—	(132)	6	—
Ending fair value of plan assets	84,500	14,027	31	—
Ending funded status	$ (17,071)	$(10,347)	$ (5,757)	$ (3,797)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 98	$ —	$ —
Current liability	(93)	(337)	(685)	(161)
Non-current liability	(16,978)	(10,108)	(5,072)	(3,636)
Net amount recorded	$ (17,071)	$(10,347)	$ (5,757)	$ (3,797)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,803	$ (833)	$ (212)	$ (65)
Net prior service credit	13	9	1	89
Total recorded in Accumulated other comprehensive income (loss)	$ 3,816	$ (824)	$ (211)	$ 24

(a) U.S. other benefits includes the $2.6 billion settlement loss resulting from the termination of the UAW hourly retiree medical plan and Mitigation Plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor			
	January 1, 2009 Through July 9, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,135	$ 19,995	$ 39,960	$ 2,930
Service cost	243	155	69	12
Interest cost	3,077	596	1,615	102
Plan participants' contributions	—	8	169	—
Amendments	(8)	(584)	(705)	(482)
Actuarial (gains) losses	(260)	959	77	436
Benefits paid	(5,319)	(769)	(2,115)	(90)
Medicare Part D receipts	—	—	150	—
Foreign currency translation adjustments	—	856	—	159
Curtailments, settlements, and other	1,559	(76)	8	(15)
Ending benefit obligation	97,427	21,140	39,228	3,052
Effect of application of fresh-start reporting	585	252	(11,589)	368
Ending benefit obligation including effect of application of fresh-start reporting	98,012	21,392	27,639	3,420
Change in plan assets				
Beginning fair value of plan assets	84,545	8,086	9,969	—
Actual return on plan assets	(203)	227	444	—
Employer contributions	57	529	1,947	90
Plan participants' contributions	—	8	169	—
Benefits paid	(5,319)	(769)	(2,115)	(90)
Foreign currency translation adjustments	—	516	—	—
Other	41	(197)	(10)	—
Ending fair value of plan assets	79,121	8,400	10,404	—
Effect of application of fresh-start reporting	(628)	216	298	—
Ending fair value of plan assets including effect of application of fresh-start reporting	78,493	8,616	10,702	—
Ending funded status	(18,306)	(12,740)	(28,824)	(3,052)
Effect of application of fresh-start reporting	(1,213)	(36)	11,887	(368)
Ending funded status including effect of application of fresh-start reporting	$ (19,519)	$(12,776)	$ (16,937)	$ (3,420)
Amounts recorded in the consolidated balance sheet				
Non-current assets	$ —	$ 97	$ —	$ —
Current liability	(74)	(339)	(1,809)	(147)
Non-current liability	(19,445)	(12,534)	(15,128)	(3,273)
Net amount recorded	$ (19,519)	$(12,776)	$ (16,937)	$ (3,420)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial loss	$ (38,007)	$ (7,387)	$ (1,631)	$ (1,005)
Net prior service credit (cost)	(1,644)	754	5,028	860
Transition obligation	—	(7)	—	—
Total recorded in Accumulated other comprehensive income (loss)	(39,651)	(6,640)	3,397	(145)
Effect of application of fresh-start reporting	39,651	6,640	(3,397)	145
Total recorded in Accumulated other comprehensive income (loss)	$ —	$ —	$ —	$ —

In the year ended December 31, 2010 we experienced actual return on plan assets on our U.S. pension plan assets of $11.6 billion compared to expected returns of $6.6 billion that were recognized as a component of our net pension expense. As a result of the U.S. hourly defined benefit pension plan interim remeasurement, a portion of the effect of the actual plan asset gains was recognized in the market-related value of plan assets during the remainder of the period subsequent to the interim remeasurement. The market related

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

value of plan assets used in the calculation of expected return on pension plan assets at December 31, 2010 is $4.1 billion lower than the actual fair value of plan assets for U.S. pension plans and $319 million lower than the actual fair value of plan assets for non-U.S. pension plans. Therefore, the effect of the improvement in the financial markets will not be fully reflected in net pension expense in the year ending December 31, 2011. Refer to Note 4 for additional information on our use of the market-related value of plan assets accounting policy.

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$103,110	$ 24,371	$101,397	$ 23,615
Plans with ABO in excess of plan assets				
ABO	$103,090	$ 23,519	$101,397	$ 22,708
Fair value of plan assets	$ 90,983	$ 13,959	$ 84,500	$ 12,721
Plans with PBO in excess of plan assets				
PBO	$103,375	$ 24,350	$101,571	$ 23,453
Fair value of plan assets	$ 90,983	$ 14,419	$ 84,500	$ 13,008

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognition of net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense for the year ended December 31 (b)				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	—
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $97 million.

(b) Determined at the beginning of the period and updated for remeasurements.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense for the year ended December 31(b)				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	—
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $38 million.

(b) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor							
	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits		U.S. Plans Other Benefits		Non-U.S. Plans Other Benefits	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Components of expense								
Service cost	$ 243	$ 527	$ 155	$ 410	$ 69	$ 241	$ 12	$ 32
Interest cost	3,077	5,493	596	1,269	1,615	3,519	102	225
Expected return on plan assets	(3,810)	(8,043)	(364)	(969)	(444)	(1,281)	—	—
Amortization of prior service cost (credit)	429	1,077	(12)	407	(1,051)	(1,918)	(63)	(86)
Amortization of transition obligation	—	—	2	6	—	—	—	—
Recognized net actuarial loss	715	317	193	275	32	508	23	110
Curtailments, settlements, and other losses (gains)	1,720	3,823	97	270	21	(3,476)	(123)	11
Net periodic pension and OPEB (income) expense	$ 2,374	$ 3,194	$ 667	$ 1,668	$ 242	$ (2,407)	$ (49)	$ 292
Weighted-average assumptions used to determine benefit obligations at period end								
Discount rate	5.86%	6.27%	5.82%	6.22%	6.86%	8.25%	5.47%	7.00%
Rate of compensation increase	3.94%	5.00%	3.23%	3.59%	1.48%	2.10%	4.45%	4.45%
Weighted-average assumptions used to determine net expense for the period (a)								
Discount rate	6.27%	6.56%	6.23%	5.77%	8.11%	7.02%	6.77%	5.90%
Expected return on plan assets	8.50%	8.50%	7.74%	7.78%	8.50%	8.40%	—	—
Rate of compensation increase	5.00%	5.00%	3.08%	3.59%	1.87%	3.30%	4.45%	4.00%

(a) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumptions

Healthcare Trend Rate

As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans.

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans(a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$31	+$491
One percentage point decrease	-$25	-$392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the U.S. and non-U.S. pension plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among certain U.S. and non-U.S. pension plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In setting a new strategic asset mix, consideration is given to the likelihood that the selected mix will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mix for U.S. defined benefit pension plans is intended to reduce exposure to equity market risks, to utilize asset classes which reduce volatility and to utilize asset classes where active management has historically generated above market returns.

In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated assumptions for equities and equity-like asset classes. This analysis included a study of capital market assumptions and the selection of a policy portfolio that is optimal in the context of the plans' fiduciaries objectives. The selected portfolio is composed of a number of asset classes with favorable return characteristics including: a significant allocation to debt securities with credit exposure, some of which have expected returns that are similar to that of equities, significant exposures to private market securities (equity, debt, and real estate) and absolute return strategies (i.e., hedge fund strategies with low exposure to market risks). The expected long-term rate of return assumption is enhanced by these diversified strategies and is consistent with the long-term historical return for the U.S. plans.

The expected return on plan asset assumptions used in determining pension expense for non-U.S. pension plans is determined in a similar manner to the U.S. plans, and the rate of 7.42% for the year ended December 31, 2010 is a weighted-average of all of the funded non-U.S. plans.

Target Allocation Percentages

Minor changes were made to the U.S. target allocation percentages by asset category as a result of the asset and liability study that was approved in December 2010.

An asset and liability study conducted of the Canadian plans' target allocation percentages was approved by GMCL's Board of Directors and became effective in July 2010. Significant changes were made to the target allocation percentages by asset category as a result of this study. The study was generated following a contribution to the Canadian plans in September 2009 of CAD $4.0 billion which improved the funded position. A less aggressive asset mix was implemented to preserve this position by shifting the target allocation away from return seeking equity type assets toward a liability hedging strategy that utilizes more fixed income assets.

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity securities	29.0%	36.0%	28.0%	64.0%
Debt securities	41.0%	48.0%	42.0%	24.0%
Real estate	8.0%	9.0%	9.0%	9.0%
Other (a)	22.0%	7.0%	21.0%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

(a) Includes private equity and absolute return strategies.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension Plan Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2010				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2010				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ —	$ 620	$ —	$ 620	$ 620
Common and preferred stocks	—	—	—	—	2,781	13	—	2,794	2,794
Government and agency debt securities (a)	—	—	—	—	—	3,410	4	3,414	3,414
Corporate debt securities (b)	—	—	—	—	—	1,964	41	2,005	2,005
Agency mortgage and asset-backed securities	—	—	—	—	—	44	—	44	44
Non-agency mortgage and asset-backed securities	—	—	—	—	—	86	—	86	86
Private equity and debt investments	—	—	—	—	—	—	169	169	169
Real estate assets	—	—	—	—	—	—	926	926	926
Derivatives	—	—	—	—	—	75	—	75	75
Total direct investments	—	—	—	—	2,781	6,212	1,140	10,133	10,133
Investment funds									
Cash equivalent funds	—	—	—	—	—	97	—	97	97
Equity funds	—	12,395	—	12,395	2	2,001	200	2,203	14,598
Fixed income funds	—	9,339	—	9,339	—	1,085	—	1,085	10,424
Multi-strategy funds	—	2,544	—	2,544	—	34	—	34	2,578
Real estate funds	—	—	—	—	11	39	337	387	387
Other investment funds (c)	—	—	—	—	—	—	432	432	432
Total investment funds	—	24,278	—	24,278	13	3,256	969	4,238	28,516
Other	—	—	—	—	—	104	281	385	385
Total assets before Investment Trusts	—	24,278	—	24,278	2,794	9,572	2,390	14,756	39,034
Liabilities									
Derivatives	—	—	—	—	—	(52)	—	(52)	(52)
Total liabilities before Investment Trusts	—	—	—	—	—	(52)	—	(52)	(52)
Net assets before Investment Trusts	$ —	$24,278	$ —	24,278	$2,794	$9,520	$2,390	14,704	38,982
Investment Trusts (d)				66,918				—	66,918
Total net assets and Investment Trusts				91,196				14,704	105,900
Other plan assets and liabilities (e)				(189)				199	10
Net plan assets				$ 91,007				$ 14,903	$105,910

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2009				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2009				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ 137	$ 463	$ —	$ 600	$ 600
Common and preferred stocks	—	—	—	—	3,002	56	—	3,058	3,058
Government and agency debt securities (a)	—	—	—	—	93	4,136	65	4,294	4,294
Corporate debt securities (b)	—	—	—	—	2	483	109	594	594
Agency mortgage and asset-backed securities	—	—	—	—	—	62	7	69	69
Non-agency mortgage and asset-backed securities	—	—	—	—	—	42	16	58	58
Private equity and debt investments	—	—	—	—	—	—	110	110	110
Real estate assets	—	—	—	—	14	—	825	839	839
Derivatives	—	—	—	—	—	66	—	66	66
Total direct investments	—	—	—	—	3,248	5,308	1,132	9,688	9,688
Investment funds									
Cash equivalent funds	—	—	—	—	19	4	—	23	23
Equity funds	—	14,495	—	14,495	1	2,575	75	2,651	17,146
Fixed income funds	—	9,643	4,221	13,864	—	1,012	—	1,012	14,876
Multi-strategy funds	—	2,337	—	2,337	—	18	—	18	2,355
Real estate funds	—	916	—	916	—	35	217	252	1,168
Other investment funds (c)	—	—	—	—	—	8	95	103	103
Total investment funds	—	27,391	4,221	31,612	20	3,652	387	4,059	35,671
Other	—	—	—	—	—	206	—	206	206
Total assets before Investment Trusts	—	27,391	4,221	31,612	3,268	9,166	1,519	13,953	45,565
Liabilities									
Derivatives	—	—	—	—	—	(43)	—	(43)	(43)
Total liabilities before Investment Trusts	—	—	—	—	—	(43)	—	(43)	(43)
Net assets before Investment Trusts	$ —	$27,391	$4,221	31,612	$3,268	$9,123	$1,519	13,910	45,522
Investment Trusts (d)				53,043				—	53,043
Total net assets and Investment Trusts				84,655				13,910	98,565
Other plan assets and liabilities (e)				(155)				117	(38)
Net plan assets				$84,500				$ 14,027	$98,527

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following table summarizes the fair value of derivative assets and liabilities owned by the non-U.S. plans by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Foreign currency contracts	$ 56	$ 66
Equity contracts	19	—
Total derivative assets	75	66
Derivative liabilities		
Foreign currency contracts	(45)	(43)
Equity contracts	(7)	—
Total derivative liabilities	(52)	(43)
Total net derivative assets	$ 23	$ 23

The following tables summarize the activity for U.S. plan assets classified in Level 3, other than assets held in Investment Trusts (dollars in millions):

	Successor Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Fixed income funds	$ 4,221	$ —	$ —	$ —	$ (4,221)	$ —

	Successor July 10 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Fixed income funds	$ 5,488	$ 910	$ 158	$ (2,335)	$ —	$ 4,221

	Predecessor January 1 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Fixed income funds	$ 4,508	$ 998	$ 7	$ (25)	$ —	$ 5,488

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Successor — Year Ended December 31, 2010						
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2010
Direct investments							
Government and agency debt securities	$ 65	$ 1	$ (3)	$ (13)	$ (46)	$ —	$ 4
Corporate debt securities	109	2	—	(35)	(38)	3	41
Agency mortgage and asset-backed securities	7	—	—	—	(7)	—	—
Non-agency mortgage and asset-backed securities	16	10	(11)	(5)	(10)	—	—
Private equity and debt investments	110	15	—	36	—	8	169
Real estate assets	825	29	1	22	7	42	926
Total direct investments	1,132	57	(13)	5	(94)	53	1,140
Investment funds							
Equity funds	75	30	2	(72)	155	10	200
Real estate funds	217	28	(1)	101	—	(8)	337
Other investment funds	95	44	—	68	212	13	432
Total investment funds	387	102	1	97	367	15	969
Other investments	—	17	—	(9)	253	20	281
Total non-U.S. plan assets	$ 1,519	$ 176	$ (12)	$ 93	$ 526	$ 88	$ 2,390

	Successor — July 10, 2009 Through December 31, 2009						
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2009
Direct investments							
Government and agency debt securities	$ 8	$ (1)	$ —	$ 60	$ (3)	$ 1	$ 65
Corporate debt securities	17	6	1	37	43	5	109
Agency mortgage and asset-backed securities	6	—	—	—	1	—	7
Non-agency mortgage and asset-backed securities	10	19	(6)	(11)	3	1	16
Private equity and debt investments	149	(1)	—	(52)	—	14	110
Real estate assets	785	(52)	—	11	—	81	825
Total direct investments	975	(29)	(5)	45	44	102	1,132
Investment funds							
Equity funds	27	12	(9)	43	(2)	4	75
Real estate funds	199	25	(2)	(4)	—	(1)	217
Other investment funds	107	3	1	(16)	—	—	95
Total investment funds	333	40	(10)	23	(2)	3	387
Total non-U.S. plan assets	$ 1,308	$ 11	$ (15)	$ 68	$ 42	$ 105	$ 1,519

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	January 1, 2009 Through July 9, 2009						
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at July 9, 2009
Direct investments							
Government and agency debt securities	$ —	$ —	$ —	$ 4	$ 4	$ —	$ 8
Corporate debt securities	16	—	2	(2)	—	1	17
Agency mortgage and asset-backed securities	6	—	—	—	—	—	6
Non-agency mortgage and asset-backed securities	1	(3)	—	(2)	14	—	10
Private equity and debt investments	163	(33)	—	11	—	8	149
Real estate assets	831	(99)	—	12	—	41	785
Total direct investments	1,017	(135)	2	23	18	50	975
Investment funds							
Equity funds	33	2	(1)	10	(19)	2	27
Real estate funds	206	(21)	(3)	(3)	—	20	199
Other investment funds	94	2	—	1	—	10	107
Total investment funds	333	(17)	(4)	8	(19)	32	333
Total non-U.S. plan assets	$ 1,350	$ (152)	$ (2)	$ 31	$ (1)	$ 82	$ 1,308

Transfers In and/or Out of Level 3

In the year ended December 31, 2010, fixed income funds of $4.2 billion within the U.S. plan assets were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the plans to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

There were no significant transfers in and/or out of Level 3 within the non-U.S. plan assets.

Fund Investment Strategies

Cash equivalent funds asset class includes funds that primarily invest in short-term, high quality securities including U.S. government securities, U.S. dollar-denominated obligations of U.S. and foreign depository institutions, commercial paper, corporate bonds and asset-backed securities.

Equity funds asset class includes funds that primarily invest in U.S. equities as well as equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative, and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds asset class includes investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds primarily invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds primarily invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade by one or more nationally recognized rating agencies, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds typically invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds asset class includes funds that primarily invest in a portfolio of alternative investment funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of alternative investment funds and/or investment managers.

Global macro funds asset class includes funds that primarily enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies, and physical commodities markets while minimizing downside risk. Global macro managers employ a global approach and may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds asset class includes funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks), and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Real estate funds asset class includes funds that primarily invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category typically employ single strategies such as event-driven or relative value.

Investment Trusts

A significant portion of the U.S. hourly and salaried pension plan assets are invested through a series of group trusts (Investment Trusts) which permit the commingling of assets from more than one employer. The group trust structure permitted the formation of a series of group trust investment accounts. Each group trust has a beneficial interest in the assets of the underlying investment accounts which are invested to achieve an investment strategy based on the desired plan asset targeted allocations. For purposes of fair value measurement, each plan's interests in the group trusts are classified as a plan asset.

A plan's interest in an Investment Trust is determined based on the Investment Trust's beneficial interest in the underlying net assets. Beneficial interests in the individual Investment Trusts owned by the plans were 99.0% and 97.4% on a combined basis at December 31, 2010 and 2009.

The following table summarizes the U.S. plans' interest in certain net assets of the Investment Trusts (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. pension plans' funded beneficial interest	$ 66,918	$ 53,043
OPEB 401(h) plans' funded beneficial interest	—	3
Interests held in trusts by plans of other employers	646	969
Total fair value of underlying assets of Investment Trusts	67,564	54,015
Less:		
Cash	(2,828)	(3,022)
Net non-security (assets) liabilities	126	(323)
Net assets of the Investment Trusts	$ 64,862	$ 50,670

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the fair value of the underlying net assets by asset class held by the investment accounts owned by the Investment Trusts (dollars in millions):

	Successor Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2010 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 6,920	$ —	$ 6,920
Common and preferred stocks	6,756	788	64	7,608
Government and agency debt securities (b)	—	5,402	75	5,477
Corporate debt securities (c)	—	8,252	562	8,814
Agency mortgage and asset-backed securities	—	476	—	476
Non-agency mortgage and asset-backed securities	—	1,863	831	2,694
Group annuity contracts	—	—	3,115	3,115
Investment funds				
Equity funds	20	436	382	838
Fixed income funds	48	543	2,287	2,878
Funds of hedge funds	—	516	6,344	6,860
Global macro funds	—	111	4	115
Multi-strategy funds	—	2,080	3,566	5,646
Other investment funds	—	150	188	338
Private equity and debt investments	—	—	8,297	8,297
Real estate assets (d)	1,648	1	5,792	7,441
Derivatives	73	1,407	24	1,504
Total assets	8,545	28,945	31,531	69,021
Liabilities				
Common and preferred stocks (e)	(1,287)	(121)	—	(1,408)
Debt securities (e)	—	—	(2)	(2)
Real estate assets (e)	(41)	—	—	(41)
Derivatives	(184)	(2,441)	(83)	(2,708)
Total liabilities	(1,512)	(2,562)	(85)	(4,159)
Total net assets	$ 7,033	$26,383	$31,446	$64,862

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2009 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 5,003	$ —	$ 5,003
Common and preferred stocks	4,614	177	53	4,844
Government and agency debt securities (b)	—	2,866	1,552	4,418
Corporate debt securities (c)	—	4,988	1,764	6,752
Agency mortgage and asset-backed securities	—	394	6	400
Non-agency mortgage and asset-backed securities	—	861	1,525	2,386
Group annuity contracts	—	—	3,301	3,301
Investment funds				
Equity funds	299	226	576	1,101
Fixed income funds	570	960	2,267	3,797
Funds of hedge funds	—	641	4,455	5,096
Global macro funds	95	266	719	1,080
Multi-strategy funds	34	1,170	1,829	3,033
Other investment funds	1	76	459	536
Private equity and debt investments	—	1	7,210	7,211
Real estate assets (d)	325	—	5,209	5,534
Derivatives	170	1,246	320	1,736
Total assets	6,108	18,875	31,245	56,228
Liabilities				
Common and preferred stocks (e)	(2,102)	(8)	(2)	(2,112)
Debt securities (e)	—	(18)	(3)	(21)
Real estate assets (e)	(33)	—	—	(33)
Derivatives	(113)	(3,071)	(208)	(3,392)
Total liabilities	(2,248)	(3,097)	(213)	(5,558)
Total net assets	$ 3,860	$15,778	$31,032	$50,670

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the fair value of derivative assets and liabilities owned by the Investment Trusts by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Interest rate contracts	$ 1,251	$ 1,297
Foreign exchange contracts	92	309
Equity contracts	96	36
Credit contracts	65	94
Total derivative assets	1,504	1,736
Derivative liabilities		
Interest rate contracts	(2,294)	(3,206)
Foreign exchange contracts	(146)	(76)
Equity contracts	(243)	(49)
Credit contracts	(25)	(61)
Total derivative liabilities	(2,708)	(3,392)
Total net derivative assets (liabilities)	$ (1,204)	$ (1,656)

The following tables summarize the activity of the underlying net assets of the Investment Trusts classified in Level 3 (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Assets						
Common and preferred stocks	$ 53	$ 23	$ (20)	$ 4	$ 4	$ 64
Government and agency debt securities	1,552	(8)	17	(163)	(1,323)	75
Corporate debt securities	1,764	56	(5)	(543)	(710)	562
Agency mortgage and asset-backed securities	6	—	—	(1)	(5)	—
Non-agency mortgage and asset-backed securities	1,525	393	(249)	(167)	(671)	831
Group annuity contracts	3,301	(95)	161	(252)	—	3,115
Investment funds						
Equity funds	576	(1)	16	7	(216)	382
Fixed income funds	2,267	136	94	(307)	97	2,287
Funds of hedge funds	4,455	103	325	1,500	(39)	6,344
Global macro funds	719	103	(92)	(614)	(112)	4
Multi-strategy funds	1,829	359	26	1,521	(169)	3,566
Other investment funds	459	(2)	(29)	(161)	(79)	188
Private equity and debt investments	7,210	578	590	(81)	—	8,297
Real estate assets	5,209	523	57	3	—	5,792
Total assets	30,925	2,168	891	746	(3,223)	31,507
Liabilities						
Common and preferred stocks	(2)	—	—	—	2	—
Debt securities	(3)	—	—	—	1	(2)
Total liabilities	(5)	—	—	—	3	(2)
Derivatives, net	112	(54)	3	(38)	(82)	(59)
Total net assets	$ 31,032	$ 2,114	$ 894	$ 708	$(3,302)	$ 31,446

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor — July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Assets						
Common and preferred stocks	$ 17	$ 12	$ (6)	$ 35	$ (5)	$ 53
Government and agency debt securities	29	140	28	66	1,289	1,552
Corporate debt securities	749	173	(6)	615	233	1,764
Agency mortgage and asset-backed securities	3	5	(3)	3	(2)	6
Non-agency mortgage and asset-backed securities	544	455	(162)	393	295	1,525
Group annuity contracts	3,393	(33)	74	(133)	—	3,301
Investment funds						
Equity funds	538	87	(7)	(20)	(22)	576
Fixed income funds	2,179	736	(397)	32	(283)	2,267
Funds of hedge funds	3,480	321	1	653	—	4,455
Global macro funds	864	157	(5)	(31)	(266)	719
Multi-strategy funds	1,100	49	112	719	(151)	1,829
Other investment funds	318	16	1	124	—	459
Private equity and debt investments	6,618	264	205	123	—	7,210
Real estate assets	5,701	(1,086)	364	230	—	5,209
Total assets	25,533	1,296	199	2,809	1,088	30,925
Liabilities						
Common and preferred stocks	(4)	(1)	—	2	1	(2)
Debt securities	—	—	—	(3)	—	(3)
Total liabilities	(4)	(1)	—	(1)	1	(5)
Derivatives, net	(314)	(8)	(22)	66	390	112
Total net assets	$ 25,215	$ 1,287	$ 177	$ 2,874	$ 1,479	$ 31,032

	Predecessor — January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Assets						
Common and preferred stocks	$ 11	$ (2)	$ 2	$ 6	$ —	$ 17
Government and agency debt securities	9	3	—	17	—	29
Corporate debt securities	604	172	(47)	15	5	749
Agency mortgage and asset-backed securities	5	—	—	(1)	(1)	3
Non-agency mortgage and asset-backed securities	717	(147)	(16)	9	(19)	544
Group annuity contracts	3,316	(57)	83	51	—	3,393
Investment funds						
Equity funds	456	18	—	64	—	538
Fixed income funds	1,427	498	—	254	—	2,179
Funds of hedge funds	3,106	27	—	347	—	3,480
Global macro funds	1,351	(20)	82	(549)	—	864
Multi-strategy funds	1,486	24	6	(416)	—	1,100
Other investment funds	701	(73)	(19)	(281)	(10)	318
Private equity and debt investments	7,564	(1,049)	(64)	167	—	6,618
Real estate assets	7,899	(2,440)	(10)	252	—	5,701
Total assets	28,652	(3,046)	17	(65)	(25)	25,533
Liabilities						
Common and preferred stocks	(1)	1	1	(5)	—	(4)
Total liabilities	(1)	1	1	(5)		(4)
Derivatives, net	1,420	(1,469)	(229)	(36)	—	(314)
Total net assets (liabilities)	$ 30,071	$ (4,514)	$ (211)	$ (106)	$ (25)	$ 25,215

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Investment Trusts Transfers In and/or Out of Level 3

During the year ended December 31, 2010 significant transfers out of Level 3 to Level 2 included government and agency debt securities of $1.3 billion, corporate debt securities of $0.7 billion and non-agency mortgage and asset-backed securities of $0.7 billion. These transfers were primarily the result of improved pricing transparency of these securities, which allowed management to corroborate observable pricing inputs received from independent pricing services.

During the year ended December 31, 2010 investment funds of $0.6 billion were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the Investment Trusts to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

OPEB Plan Assets and Fair Value Measurements

As a result of the December 31, 2009 UAW hourly retiree medical plan settlement, there were no significant OPEB plan assets at December 31, 2010.

The following table summarizes the fair value of OPEB plan assets by asset category (dollars in millions):

	Successor			
	Fair Value Measurements at December 31, 2009			
	Level 1	Level 2	Level 3	Total U.S. Plan Assets
Direct investments				
Cash equivalents and other short-term investments	$ —	$ 28	$ —	$ 28
Investment Funds — Mutual and commingled funds	—	37	—	37
Other	—	—	2	2
Total assets	$ —	$ 65	$ 2	67
Employee-owned assets				(10)
Net non-security liabilities				(26)
Total OPEB plan assets				$ 31

The following tables summarize the activity for the OPEB plan assets classified in Level 3 (dollars in millions):

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stocks	$ 3	$ 3	$ (2)	$ (4)	$ —	$ —
Government and agency debt securities	1	21	4	(248)	222	—
Corporate debt securities	122	51	3	(344)	168	—
Non-agency mortgage and asset-backed securities	18	(29)	(1)	(2)	14	—
Investment funds — Mutual and commingled funds	2,188	154	(17)	(2,315)	(10)	—
Private equity and debt investments	243	36	—	(279)	—	—
Real estate assets	356	(78)	—	(136)	(142)	—
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$ 2,933	$ 158	$ (13)	$ (3,328)	$ 252	$ 2

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stocks	$ —	$ (5)	$ —	$ 8	$ —	$ 3
Government and agency debt securities	—	—	—	—	1	1
Corporate debt securities	89	26	(5)	12	—	122
Non-agency mortgage and asset-backed securities	24	—	(1)	(5)	—	18
Investment funds — Mutual and commingled funds	2,403	333	(104)	(272)	(172)	2,188
Private equity and debt investments	245	17	(16)	(3)	—	243
Real estate assets	415	(71)	1	11	—	356
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$ 3,178	$ 300	$ (125)	$ (249)	$ (171)	$ 2,933

Significant Concentrations of Risk

The pension plans' Investment Trusts include investments in certain investment funds, equity, debt and real estate investments and derivative instruments. Some or all of these investments may be illiquid. The investment managers may be unable to quickly liquidate some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held in the Investment Trusts are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

Certain assets held by the Investment Trusts represent investments in group annuity contracts. We entered into group annuity contracts with various life insurance companies to provide pension benefits to certain of our salaried workforce and backed these obligations by high quality fixed income securities. We, as the plans' sponsor, might be exposed to counterparty risk if any or all of the life insurance companies fail to perform in accordance with the terms and conditions stipulated in the contracts, or any or all of the life insurance companies become insolvent or experience other forms of financial distress. We and the plans might also be exposed to liquidity risk due to the funding obligation that may arise under these contracts. The plans' management monitors counterparty and liquidity risks on an on-going basis and has procedures in place that are designed to monitor the financial performance of the life insurance companies that are parties to these contracts and maintain flexibility in addressing contract-specific and broader market events.

The pension plans' Investment Trusts may contain financial instruments denominated in foreign currencies. Consequently, the plans might be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the Investment Trusts' foreign currency denominated assets or liabilities. The Investment Trusts use forward currency contracts to manage foreign currency risk.

The pension plans' Investment Trusts may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. The plans' Investment Trusts may use interest rate swaps and other financial derivative instruments to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument held by the Investment Trusts will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties.

Plan Funding Policy and Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2010, all legal funding requirements had been met.

The following table summarizes pension contributions to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$ 4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$ 4,872	$ 4,318	$ 586	$ 1,067

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act (PPA) of 2006 will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2010, using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016. Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 3-Segment interest rate for all future funding valuations projects contributions of $0.3 billion in 2016. In both cases, we have assumed that the pension plans earn the expected return of 8.0%. In addition to the discount rate and return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are evaluating whether we will make additional voluntary contributions in 2011.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement among Old GM, EDC and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2010 $1.0 billion remained in the escrow account.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

OPEB Contributions

The following table summarizes contributions (withdrawals) to the U.S. OPEB plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008 (a)
Employer contributions (withdrawals)	$ 651	$ 1,528	$ 1,947	$ (1,356)
Plan participants' contributions.	53	172	169	401
Total contributions (withdrawals)	$ 704	$ 1,700	$ 2,116	$ (955)

(a) Both the U.S. non-UAW hourly and salaried VEBAs were effectively liquidated by December 31, 2008 resulting in withdrawals from plan assets.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor — Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans (b)	Non-U.S. Plans
2011	$ 8,765	$ 1,460	$ 451	$ 189
2012	$ 8,463	$ 1,461	$ 427	$ 199
2013	$ 8,186	$ 1,480	$ 407	$ 209
2014	$ 7,999	$ 1,513	$ 391	$ 220
2015	$ 7,855	$ 1,534	$ 379	$ 231
2016-2020	$36,033	$ 7,889	$ 1,796	$ 1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Note 21. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

We are party to a variety of foreign currency exchange rate and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates and certain commodity prices.

Our derivative instruments consist of derivative contracts or economic hedges, including forward contracts and options that we acquired from Old GM or purchased directly from counterparties. At December 31, 2010 and 2009 no outstanding derivative contracts were designated in hedging relationships other than those derivative contracts designated in a hedging relationship by GM Financial.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 24 for additional information on the fair value measurements of our derivative instruments. Refer to Note 4 for additional information on our derivatives accounting policy.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. Since August 2010 we executed new agreements with counterparties that will require, under certain circumstances, that the counterparty post collateral with us for net asset positions. At December 31, 2010 we held collateral of $74 million from counterparties and recorded the related obligation in Accrued liabilities. The maximum amount of loss due to credit risk that we would incur if the counterparties to the derivative instruments failed completely to perform according to the terms of the contract was $143 million at December 31, 2010. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. At December 31, 2010 the total net derivative asset position for all counterparties with which we were in a net asset position, less the collateral we held, was $108 million.

At December 31, 2010 a majority of all derivative counterparty exposures were with counterparties that were rated A or higher.

Credit Risk Related Contingent Features

Certain of our agreements with counterparties require that we provide cash collateral for net liability positions that we may have with such counterparty. At December 31, 2010 no collateral was posted related to derivative instruments, and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following table summarizes the fair value of our derivative instruments (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)
Derivative Instruments				
Current Portion				
Foreign currency exchange	$ 80	$ 113	$ 104	$ 568
Commodity	93	2	11	—
Total current portion	$ 173	$ 115	$ 115	$ 568
Non-Current Portion				
Foreign currency exchange	$ —	$ —	$ 19	$ 146
Commodity	—	7	—	—
Warrants	44	—	25	—
Total non-current portion	$ 44	$ 7	$ 44	$ 146

(a) Current portion recorded in Other current assets and deferred income taxes

(b) Non-current portion recorded in Other assets.

(c) Current portion recorded in Accrued liabilities.

(d) Non-current portion recorded in Other liabilities and deferred income taxes.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Foreign Currency Exchange Derivatives		
Interest income and other non-operating income, net	$ 82	$ 279
Interest Rate Swap Derivatives		
Automotive interest expense	—	(1)
Commodity Derivatives		
Interest income and other non-operating income, net	(33)	—
Warrants		
Interest income and other non-operating income, net	19	—
Total gains (losses) recorded in earnings	$ 68	$ 278

Commodity Notionals

The following table summarizes the notional amounts of our commodity derivative contracts (units in thousands):

		Successor	
Commodity	Units	December 31, 2010	December 31, 2009
Aluminum and aluminum alloy	Metric tons	448	39
Copper	Metric tons	44	4
Lead	Metric tons	69	7
Heating oil	Gallons	125,160	10,797
Natural gas	MMBTU	—	1,355
Natural gas	Gigajoules	—	150
Palladium	Troy ounce	444	—
Platinum	Troy ounce	91	—
Electricity (embedded derivative)	MWh	1,304	—

Foreign Currency Exchange Notionals

The following table summarizes the total notional amounts of our foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Foreign currency exchange derivatives	$ 5,910	$ 6,333
Embedded foreign currency exchange derivatives	$ 1,421	$ —

In 2010 we entered into a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. The fair value of this embedded derivative was insignificant as of December 31, 2010.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. Gains and losses related to these warrants were recorded in Interest income and other non-operating income, net. At December 31, 2010 the fair value of these warrants was $44 million. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

In connection with our investment in New Delphi, which we account for using the equity method, we record our share of New Delphi's Other comprehensive income (loss) in Accumulated other comprehensive income (loss). In the years ended December 31, 2010 and 2009 we recorded cash flow hedge losses of $22 million and $1 million related to our share of New Delphi's hedging losses.

Automotive Financing

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable.

The effect of derivative instruments on earnings and Accumulated other comprehensive income was insignificant for the three months ended December 31, 2010.

The following table summarizes interest rate swaps, caps and foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	
	Notional	Fair Value
Assets (a)		
Interest rate swaps	$1,227	$ 23
Interest rate caps	946	8
Total assets	$2,173	$ 31
Liabilities (b)		
Interest rate swaps	$1,227	$ 47
Interest rate caps	832	8
Foreign currency exchange (c)	49	2
Total liabilities	$2,108	$ 57

(a) Recorded in GM Financial Other assets.

(b) Recorded in GM Financial Other liabilities.

(c) Notional has been translated from Canadian dollars to U.S. dollars at the December 31, 2010 rate.

Credit Risk Related Contingent Features

Under the terms of our derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. As of December 31, 2010, these restricted cash accounts totaled $33 million and are included in GM Financial Restricted cash.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM

Derivatives and Hedge Accounting

Derivatives Not Designated for Hedge Accounting

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices.

In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Commodity, foreign currency exchange and interest rate forward contracts were settled for cash of $631 million, resulting in a loss of $537 million. The loss was recorded in Automotive sales, Automotive cost of sales and Automotive interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract was no longer forecasted to occur, in some cases a new derivative instrument was entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties were unwilling to enter into offsetting derivative instruments and, as such, there was exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk.

The following table summarizes gains and (losses) recorded for derivatives originally entered into to hedge exposures that subsequently became probable not to occur (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Interest income and other non-operating income, net	$ 91

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Foreign Currency Exchange Derivatives	
Automotive sales	$ (688)
Automotive cost of sales	(211)
Interest income and other non-operating income, net	91
Interest Rate Swap Derivatives	
Automotive interest expense	(38)
Commodity Derivatives	
Automotive cost of sales	(332)
Warrants	
Interest income and other non-operating income, net	164
Total gains (losses) recorded in earnings	$ (1,014)

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were cancelled.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Cash Flow Hedges

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to certain foreign currency exchange risks. For foreign currency transactions, Old GM typically hedged forecasted exposures for up to three years in the future. For foreign currency exposure on long-term debt, Old GM typically hedged exposures for the life of the debt.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying cash flow hedges. Subsequent to that date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $157 million in the three months ended December 31, 2008. This gain was recorded in Automotive sales and Automotive cost of sales in the amounts of $127 million and $30 million.

The following table summarizes financial statement classification and amounts reclassified from Accumulated other comprehensive income (loss) into earnings related to effective cash flow hedging relationships (dollars in millions):

	Predecessor	
	Gain (Loss) Reclassified January 1, 2009 Through July, 9, 2009	Gain (Loss) Reclassified Year Ended December 31, 2008
Automotive sales	$ (351)	$ 198
Automotive cost of sales	19	205
Reorganization gains, net	247	—
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ (85)	$ 403

Hedge ineffectiveness related to instruments designated as cash flow hedges was insignificant in the year ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Accumulated other comprehensive income (loss) balances of $247 million associated with previously designated financial instruments were reclassified into Reorganization gains, net because the underlying forecasted debt and interest payments were probable not to occur.

The following table summarizes gains and (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor
	Gain (Loss) Reclassified January 1, 2009 Through July 9, 2009
Automotive sales	$ (182)
Reorganization gains, net	247
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ 65

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning net unrealized gain (loss) on derivatives	$ (490)	$ 321
Change in fair value	—	(1,054)
Reclassification to earnings	99	243
Ending net unrealized gain (loss) on derivatives	$ (391)	$ (490)

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedging gains and losses of $391 million in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Fair Value Hedges

Old GM previously used interest rate swaps designated as fair value hedges to manage certain of its exposures associated with its borrowings. Old GM hedged its exposures to the maturity date of the underlying interest rate exposure.

Gains and losses on derivatives designated and qualifying as fair value hedges, as well as the offsetting gains and losses on the debt attributable to the hedged interest rate risk, were recorded in Automotive interest expense to the extent the hedge was effective. The gains and losses related to the hedged interest rate risk were recorded as an adjustment to the carrying amount of the debt. Previously recorded adjustments to the carrying amount of the debt were amortized to Automotive interest expense over the remaining debt term. In the period January 1, 2009 through July 9, 2009 Old GM amortized an insignificant amount of previously deferred fair value hedge gains and losses to Automotive interest expense. Old GM recorded no hedging ineffectiveness in the year ended December 31, 2008.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying fair value hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $279 million recorded in Automotive interest expense in the three months ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Old GM had basis adjustments of $18 million to the carrying amount of debt that ceased to be amortized to Automotive interest expense. At June 1, 2009 the debt related to these basis adjustments was classified as Liabilities subject to compromise and no longer subject to interest accruals or amortization. We did not assume this debt from Old GM in connection with the 363 Sale.

Net Investment Hedges

Old GM was subject to foreign currency exposure related to net investments in certain foreign operations and used foreign currency denominated debt to hedge this exposure. For nonderivative instruments that were designated as, and qualified as, a hedge of a net investment in a foreign operation, the effective portion of the unrealized and realized gains and losses were recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss). In connection with the 363 Sale, MLC retained the foreign currency denominated debt and it ceased to operate as a hedge of net investments in foreign operations. In connection with our application of fresh-start reporting, the effective portions of unrealized gains and losses previously recorded to Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the gains related to net investment hedges recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss) (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Effective portion of net investment hedges	$ 5	$ 106

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Automotive cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815, "Derivatives and Hedging." Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Note 22. Commitments and Contingencies

Consolidated

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating lease residual values	$ 7	$ 59	$ —	$ 79
Ally Financial commercial loans (c)	$ —	$ 17	$ 2	$ 167
Supplier commitments and other obligations	$ —	$ 63	$ 3	$ 218
Other product-related claims	$ 50	$ 442	$ 54	$ 553

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

(c) At December 31, 2009 includes $127 million related to a guarantee provided to Ally Financial in Brazil in connection with dealer floor plan financing. This guarantee is collateralized by an interest in certificates of deposit of $127 million purchased from Ally Financial to which we have title and which were recorded in Restricted cash and marketable securities. The purchase of the certificates of deposit was funded in part by contributions from dealers for which we had recorded a corresponding deposit liability of $104 million, which was recorded in Other liabilities. In the year ended December 31, 2010 this guarantee was terminated.

	Successor	
	December 31, 2010 Liability Recorded	December 31, 2009 Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 167	$ 140
Deferred revenue(c)	$ 408	$ 464
Environmental liability (d)	$ 195	$ 190
Product liability	$ 365	$ 319
Liability related to contingently issuable shares	$ —	$ 162
Other litigation-related liability and tax administrative matters (e)	$ 1,471	$ 1,192

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) At December 31, 2010 and 2009 qualified cardholders had rebates available, net of deferred program revenue, of $2.8 billion and $3.1 billion.

(b) Redemption liabilities are recorded in Accrued liabilities.

(c) Deferred revenue is recorded in Other liabilities and deferred income taxes. At December 31, 2010 and 2009 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $45 million and $28 million recorded in Accrued liabilities at December 31, 2010 and 2009, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Consists primarily of tax related litigation not recorded pursuant to ASC 740 as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2011 to 2035. Certain leases contain renewal options.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in years ranging from 2011 to 2015, or upon the occurrence of specific events.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

We also provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third parties, such as dealers or rental car companies. These guarantees either expire in years ranging from 2012 to 2029 or are ongoing. We determined the value ascribed to the guarantees to be insignificant based on the credit worthiness of the third parties. Refer to Note 32 for additional information on guarantees that we provide to Ally Financial.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. We have provided guarantees with respect to benefits to be paid to former employees of divested businesses relating to pensions, postretirement healthcare and life insurance. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. No amounts have been recorded for such obligations as they are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements mentioned previously, we periodically enter into agreements that incorporate indemnification provisions in the normal course of business. Due to the nature of these agreements, the maximum potential amount of future undiscounted payments to which we may be exposed cannot be estimated. No amounts have been recorded for such indemnities as our obligations under them are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees expire in 2020.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

In connection with the 363 Sale, we acquired certain properties that are subject to environmental remediation.

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are and Old GM was involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from 5 to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Accordingly, it is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition and results of operations. At December 31, 2010 we estimate the remediation losses could range from $150 million to $370 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, it is believed that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess insurance coverage. Although punitive damages are claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for all product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities and exclude Old GM's asbestos claims, which are discussed separately.

In accordance with our assumption of dealer sales and service agreements, we indemnify dealers for certain product liability related claims. Our experience related to dealer indemnification obligations where we are not a party arising from incidents prior to July 10, 2009 is limited. We monitor actual claims experience for consistency with this estimate and make periodic adjustments as appropriate. Since July 10, 2009, the volume of product liability claims against us has been less than projected. In addition, as of this time due to the relatively short period for which we have been directly responsible for such claims, we have fewer pending matters than Old GM had in the past and than we expect in the future. Based on both management judgments concerning the projected number and value of both dealer indemnification obligations and product liability claims against us, we have estimated the associated liability. We have lowered our overall product liability estimate for dealer indemnifications and our exposure in the year ended December 31, 2010 resulting in a $132 million favorable adjustment driven primarily by a lower than expected volume of claims. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Liability Related to Contingently Issuable Shares

We are obligated to issue Adjustment Shares of our common stock to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion, and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares which is recorded in Interest income and other non-operating income, net. We believe it is reasonably possible that general unsecured claims allowed against MLC will range between $32.5 billion and $36.0 billion.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us or MLC including a number of shareholder class actions, bondholder class actions and class actions under ERISA and other matters arising out of alleged product defects, including asbestos-related claims; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740 and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which it is believed that losses are probable and can be reasonably estimated, the majority of which are associated with tax-related matters not recorded pursuant to ASC 740 as well as various non-U.S. labor-related matters. Tax related matters not recorded pursuant to ASC 740 (indirect tax-related matters) are items being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow; such escrow deposits may range from $560 million to $760 million. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2010. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. These accrued reserves represent the best estimate of amounts believed to be our liability in a range of expected losses. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

Commencing on or about September 29, 2010, current and former hourly employees of GM Daewoo, our majority-owned affiliate in the Republic of Korea, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Daewoo failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. Similar cases have been brought against other large employers in the Republic of Korea. At December 31, 2010 GM Daewoo accrued 122 billion Korean Won (equivalent to $110 million) in connection with these cases (70% of which was recorded in Net income attributable to stockholders, based on our ownership interest in GM Daewoo). The current estimate of the value of plaintiffs' claim, if allowed in full, exceeds the accrual by 395 billion Korean Won (equivalent to $344 million). GM Daewoo believes the claims in excess of the accrual are without merit but, given the inherent uncertainties of the litigation process and further

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

uncertainties arising because this litigation is at its earliest stages, this amount represents the high end of the range of reasonably possible liability exposure. Both the scope of claims asserted and GM Daewoo's assessment of any or all of individual claim elements may change. This accrual is included in the reserves for non-U.S. labor-related matters.

In July 2008 Old GM reached a tentative settlement of the General Motors Securities Litigation suit and recorded an additional charge of $277 million, of which $139 million was paid in the year ended December 31, 2008. Also in the year ended December 31, 2008, Old GM recorded $215 million as a reduction to Automotive selling, general and administrative expense associated with insurance-related indemnification proceeds for previously recorded litigation related costs, including the cost incurred to settle the General Motors Securities Litigation suit.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan, agreed to with European labor representatives, we have committed to achieve specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement, we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $193 million at December 31, 2010 was pledged as collateral under the agreement. Management has the intent and believes it has the ability to meet the requirements under the agreement.

Asset Retirement Obligations

Conditional asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

Recording conditional asset retirement obligations results in increased fixed asset balances with a corresponding increase to liabilities. Asset balances, net of accumulated depreciation, of $36 million and $53 million at December 31, 2010 and 2009 are recorded in Property, net, while the related liabilities are included in Other liabilities. The following table summarizes the activity related to asset retirement obligations (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$ 102	$ 97	$ 237
Accretion expense	6	4	12
Liabilities incurred	6	21	5
Liabilities settled or disposed	(12)	(9)	(2)
Effect of foreign currency translation	2	3	5
Revisions to estimates	(1)	(14)	1
Reclassified to liabilities subject to compromise (a)	—	—	(121)
Ending balance	103	102	137
Effect of application of fresh-start reporting	—	—	(40)
Ending balance including effect of application of fresh-start reporting	$ 103	$ 102	$ 97

(a) Represents the asset retirement obligations associated with assets MLC retained.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2011	2012	2013	2014	2015	2016 and after
Minimum commitments (a)	$520	$406	$318	$266	$232	$ 851
Sublease income	(60)	(60)	(55)	(51)	(46)	(359)
Net minimum commitments	$460	$346	$263	$215	$186	$ 492

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Rental expense under operating leases	$ 604	$ 255	$ 369	$ 934

Asbestos-Related Liability

In connection with the 363 Sale, MLC retained substantially all of the asbestos-related claims outstanding.

Like most automobile manufacturers, Old GM had been subject to asbestos-related claims in recent years.

Old GM recorded the estimated liability associated with asbestos personal injury claims where the expected loss was both probable and could reasonably be estimated. Old GM retained a firm specializing in estimating asbestos claims to assist Old GM in determining the potential liability for pending and unasserted future asbestos personal injury claims.

Old GM reviewed a number of factors, including the analyses provided by the firm specializing in estimating asbestos claims in order to determine a reasonable estimate of the probable liability for pending and future asbestos-related claims projected to be asserted over the subsequent 10 years, including legal defense costs. Old GM monitored actual claims experience for consistency with this estimate and made periodic adjustments as appropriate. Old GM recorded asbestos-related expenses of $18 million and $51 million in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi. As part of the separation agreements, Delphi assumed the pension and other postretirement benefit obligations for the transferred U.S. hourly employees who retired after January 1, 2000 and Old GM retained pension and other postretirement obligations for U.S. hourly employees who retired on or before January 1, 2000. Additionally at the time of the spin-off, Old GM entered into the Delphi Benefit Guarantee Agreements with the UAW, the IUE-CWA and the USW providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

U.S. hourly employees that became employees of Delphi. The Delphi Benefit Guarantee Agreements provided, in general, that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the Delphi Benefit Guarantee Agreements, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the Bankruptcy Code. In June 2007 Old GM entered into a memorandum of understanding with Delphi and the UAW (Delphi UAW MOU) that included terms relating to the consensual triggering, under certain circumstances, of the Delphi Benefit Guarantee Agreements as well as additional terms relating to Delphi's restructuring. Under the Delphi UAW MOU, Old GM also agreed to pay for certain healthcare costs of Delphi retirees and their beneficiaries in order to provide a level of benefits consistent with those provided to Old GM's retirees and their beneficiaries under the Mitigation Plan, if Delphi terminated OPEB benefits. In August 2007 Old GM also entered into memoranda of understanding with Delphi and the IUE-CWA and with Delphi and the USW containing terms consistent with the comprehensive Delphi UAW MOU.

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements consisting of the Global Settlement Agreement (GSA), the Master Restructuring Agreement (MRA) and the Implementation Agreements with the UAW, IUE-CWA and the USW (Implementation Agreements). The GSA was intended to resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings. The MRA was intended to govern certain aspects of Old GM's ongoing commercial relationship with Delphi. The Implementation Agreements addressed a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Implementation Agreements. In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective.

The more significant items contained in the Amended Delphi-GM Settlement Agreements included Old GM's commitment to:

- Reimburse Delphi for its costs to provide OPEB to certain of Delphi's hourly retirees from December 31, 2006 through the date that Delphi ceases to provide such benefits and assume responsibility for OPEB going forward;
- Reimburse Delphi for the normal cost of credited service in Delphi's pension plan between January 1, 2007 and the date its pension plans are frozen;
- First hourly pension transfer — Transfer net liabilities of $2.1 billion from the Delphi Hourly Rate Plan (Delphi HRP) to Old GM's U.S. hourly pension plan in September 2008;
- Second hourly pension transfer — Transfer the remaining Delphi HRP net liabilities upon Delphi's substantial consummation of its plan of reorganization (POR) subject to certain conditions being met;
- Reimburse Delphi for all retirement incentives and half of the buyout payments made pursuant to the various attrition program provisions and to reimburse certain U.S. hourly buydown payments made to certain hourly employees of Delphi;
- Award certain future product programs to Delphi, provide Delphi with ongoing preferential sourcing for other product programs, eliminate certain previously agreed upon price reductions, and restrict the ability to re-source certain production to alternative suppliers;
- Labor cost subsidy — Reimburse certain U.S. hourly labor costs incurred to produce systems, components and parts for GM vehicles from October 2006 through September 2015 at certain U.S. facilities owned or to be divested by Delphi;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Production cash burn support — Reimburse Delphi's cash flow deficiency attributable to production at certain U.S. facilities that continue to produce systems, components and parts for GM vehicles until the facilities are either closed or sold by Delphi;
- Facilitation support — Pay Delphi $110 million in both 2009 and 2010 in quarterly installments in connection with certain U.S. facilities owned by Delphi until Delphi's emergence from its Chapter 11 proceedings;
- Temporarily accelerate payment terms for Delphi's North American sales to Old GM upon substantial consummation of its POR, until 2012;
- Reimburse Delphi, beginning in January 2009, for actual cash payments related to workers compensation, disability, supplemental unemployment benefits and severance obligations for all current and former UAW-represented hourly active and inactive employees; and
- Guarantee a minimum recovery of the net working capital that Delphi has invested in certain businesses held for sale.

The GSA also resolved all claims in existence at its effective date (with certain limited exceptions) that either Delphi or Old GM had or may have had against the other. The GSA and related agreements with Delphi's unions released us, Old GM and our related parties (as defined), from any claims of Delphi and its related parties (as defined), as well as any employee benefit related claims of Delphi's unions and hourly employees. Additionally, the GSA provided that Old GM would receive certain administrative claims against the Delphi bankruptcy estate or preferred stock in the emerged entity.

As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion and $1.4 billion to Delphi in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA.

IUE-CWA and USW Settlement Agreement

As more fully discussed in Note 20, in September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the Delphi Benefit Guarantee Agreements with these unions. The settlement agreement provides for a measure of retiree healthcare and life insurance to be provided to certain retirees represented by these unions. The agreement also provides certain IUE-CWA and USW retirees from Delphi a pension "top up" equal to the difference between the amount of PBGC pension payments and the amount of pension benefits that otherwise would have been paid by the Delphi HRP according to its terms had it not been terminated. Further, the settlement agreement provided certain current employees of Delphi or Delphi divested units up to seven years credited service in Old GM's U.S. hourly defined benefit pension plan, commencing November 30, 2008, the date that Delphi froze the Delphi HRP. The agreement was approved by the Bankruptcy Court in November 2009.

Advance Agreements

In the period January 1, 2009 to July 9, 2009 and the year ended December 31, 2008 Old GM entered into various agreements and amendments to such agreements to advance a maximum of $950 million to Delphi, subject to Delphi's continued satisfaction of certain conditions and milestones. Through the consummation of the DMDA, we entered into further amendments to the agreements, primarily to extend the deadline for Delphi to satisfy certain milestones, which if not met, would have prevented Delphi from continued access to the credit facility. At October 6, 2009 $550 million had been advanced under the credit facility. Upon consummation of the DMDA, we waived our rights to the advanced amounts that became consideration to Delphi and other parties under the DMDA. Refer to Note 5 for additional information on the consummation of the DMDA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Payment Terms Acceleration Agreement

In October 2008 subject to Delphi obtaining an extension or other accommodation of its DIP financing through June 30, 2009, Old GM agreed to temporarily accelerate payment of North American payables to Delphi in the three months ended June 30, 2009. In January 2009 Old GM agreed to immediately accelerate $50 million in advances towards the temporary acceleration of North American payables. Additionally, Old GM agreed to accelerate $150 million and $100 million of North American payables to Delphi in March and April of 2009 bringing the total amount accelerated to the total agreed upon $300 million. Upon consummation of the DMDA, we waived our rights to the accelerated payments that became consideration to Delphi and other parties under the DMDA.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 5. Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements that we continue to maintain. In addition, the DMDA establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Other automotive expenses, net	$ 8	$ 184	$ 4,797
Automotive cost of sales	193	142	555
Reorganization gains, net	—	662	—
Total Delphi charges	$ 201	$ 988	$ 5,352

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the Delphi Benefit Guarantee Agreements, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due from us. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims we have against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four

Table of Contents

domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 5 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

The charges recorded in the year ended December 31, 2008 primarily related to estimated losses associated with the guarantee of Delphi's hourly pension plans and the write off of any estimated recoveries from Delphi. The charges also reflected a benefit of $622 million due to a reduction in the estimated liability associated with Delphi OPEB related costs for Delphi active employees and retirees, based on the terms of the New VEBA, who were not previously participants in Old GM's plans. The terms of the New VEBA also reduced Old GM's OPEB obligation for Delphi employees who returned to Old GM and became participants in the UAW hourly medical plan primarily in 2006. Such benefit is included in the actuarial gain recorded in our UAW hourly medical plan. Refer to Note 22 for additional information on the Delphi benefit plans.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 23. Income Taxes

Consolidated

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. income (loss)	$ 2,648	$ (6,647)	$105,420	$ (26,742)
Non-U.S. income (loss)	3,089	1,364	2,356	(2,729)
Income (loss) before income taxes and equity income	$ 5,737	$ (5,283)	$107,776	$ (29,471)

Provision (Benefit) for Income Taxes

The following table summarizes the provision (benefit) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Current income tax expense (benefit)				
U.S. federal	$ (10)	$ 7	$ (60)	$ (31)
Non-U.S.	441	421	(522)	668
U.S. state and local	(1)	(1)	16	(34)
Total current	430	427	(566)	603
Deferred income tax expense (benefit)				
U.S. federal	(25)	(1,204)	110	(163)
Non-U.S.	259	(52)	(716)	1,175
U.S. state and local	8	(171)	6	151
Total deferred	242	(1,427)	(600)	1,163
Total income tax expense (benefit)	$ 672	$ (1,000)	$ (1,166)	$ 1,766

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

The following table summarizes the cash paid (received) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash paid (received) for income taxes	$ 357	$ (65)	$ (1,011)	$ 718

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be permanently reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed permanently reinvested of $6.9 billion and $5.5 billion at December 31, 2010 and 2009. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes a reconciliation of the provision (benefit) for income taxes compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Tax at U.S. federal statutory income tax rate	$ 2,008	$ (1,849)	$ 37,721	$ (10,315)
State and local tax expense	334	(559)	(260)	(1,151)
Foreign income taxed at other than 35%	1,579	64	(119)	1,229
Taxes on unremitted earnings of subsidiaries	(10)	(151)	(12)	(235)
Change in valuation allowance	(2,903)	1,338	6,609	13,064
Change in statutory tax rates	—	163	1	151
Research and development incentives	(235)	(14)	(113)	(367)
Medicare prescription drug benefit	—	—	18	(104)
Settlements of prior year tax matters	(170)	—	—	—
VEBA contribution	—	(328)	—	—
Non-taxable reorganization gain	—	—	(45,564)	—
Foreign currency remeasurement	143	340	207	(608)
Other adjustments	(74)	(4)	346	102
Total income tax expense (benefit)	$ 672	$ (1,000)	$ (1,166)	$ 1,766

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2010 and 2009 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,884	$ 5,231
Pension and other employee benefit plans	7,127	8,951
Warranties, dealer and customer allowances, claims and discounts	4,276	4,255
Property, plants and equipment	2,275	3,333
Capitalized research expenditures	5,033	4,693
Tax carryforwards	20,109	18,880
Miscellaneous U.S.	2,387	2,693
Miscellaneous non-U.S.	357	1,049
Total deferred tax assets before valuation allowances	45,448	49,085
Less: Valuation allowances	(42,979)	(45,281)
Net deferred tax assets	2,469	3,804
Deferred tax liabilities		
Intangible assets	2,609	3,642
Total deferred tax liabilities	2,609	3,642
Net deferred tax assets (liabilities)	$ (140)	$ 162

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current deferred tax assets	$ 782	$ 462
Current deferred tax liabilities	(23)	(57)
Non-current deferred tax assets	308	564
Non-current deferred tax liabilities	(1,207)	(807)
Net deferred tax assets (liabilities)	$ (140)	$ 162

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2010 (dollars in millions):

	Successor	
	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2011-2030	$11,050
Non-U.S. loss and tax credit carryforwards	Indefinite	1,088
Non-U.S. loss and tax credit carryforwards	2011-2030	4,173
U.S. alternative minimum tax credit	Indefinite	699
U.S. general business credits (a)	2011-2030	1,956
U.S. foreign tax credits	2011-2018	1,143
Total loss and tax credit carryforwards		$20,109

(a) The general business credits are principally composed of research and experimentation credits.

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 45,281	$ 42,666	$ 59,777	$ 42,208
Additions (Reversals)				
U.S.	(2,196)	2,226	(14,474)	14,146
Canada	63	405	(802)	759
Germany	(139)	67	(792)	140
Spain	378	(40)	(200)	1,109
Brazil	1	1	(442)	(135)
South Korea	(121)	(221)	321	724
Australia	(39)	7	190	340
U.K.	(121)	109	62	330
Sweden	(58)	33	(1,057)	(58)
Other	(70)	28	83	214
Ending balance	$ 42,979	$ 45,281	$ 42,666	$ 59,777

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In July 2009 Old GM recorded adjustments resulting in a net decrease in valuation allowances of $20.7 billion as a result of the 363 Sale and fresh-start reporting. The net decrease primarily resulted from U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between fresh-start reporting and historical U.S. GAAP bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by Old GM, a foreign tax attribute reduction of $0.9 billion and release of valuation allowances of $0.7 billion. After the deconsolidation of our Saab unit in February 2009, corresponding deferred taxes and valuation allowances in Sweden were no longer recorded in Old GM financial statements.

Old GM established or released the following significant valuation allowances for jurisdictions not on a full valuation allowance throughout the applicable period (dollars in millions):

	Predecessor	
Jurisdiction(s)	Valuation Allowance Charge/(Release)	Period Ended
Brazil	$ (465)	July 9, 2009
Various non-U.S.	$ (286)	July 9, 2009
South Korea	$ 725	December 31, 2008
Various non-U.S.	$ 329	December 31, 2008
Australia	$ 284	December 31, 2008
Texas	$ 152	December 31, 2008
Spain	$ 206	March 31, 2008
United Kingdom	$ 173	March 31, 2008

Over the past several years, we and Old GM have accumulated pre-tax losses in the U.S. and various non-U.S. jurisdictions. These historical pre-tax losses were driven by several factors including but not limited to instability of the global economic environment, automotive price competition, relatively high cost structure, unfavorable commodity prices, unfavorable regulatory and tax environments and a challenging foreign currency exchange environment. By December 31, 2008, after weighing these objective and verifiable negative evidence factors with all other available positive and negative evidence, Old GM determined it was more likely than not it would not realize its net deferred tax assets, and established valuation allowances for major jurisdictions including the U.S., Canada, Brazil, Australia, South Korea, Germany, Spain and the United Kingdom. Additional concerns arose related to the U.S. parent company's liquidity which led us to establish valuation allowances for Texas and various non-U.S. jurisdictions, even though many of these jurisdictions had historical profits and no other significant negative evidence factors.

In 2009 the U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many non-U.S. jurisdictions, including Brazil, were generating and projecting U.S. GAAP and local taxable income. To the extent there were no other significant negative evidence factors, Old GM determined it was more likely than not it would realize its net deferred tax assets and reversed valuation allowances in Brazil and various non-U.S. jurisdictions.

Although we are a new company, and our ability to achieve future profitability was enhanced by the cost and liability reductions that occurred as a result of the Chapter 11 Proceedings and 363 Sale, Old GM's historic operating results remain relevant as they are reflective of the industry and the effect of economic conditions. The fundamental businesses and inherent risks in which we globally operate did not change from those in which Old GM operated. As such, subsequent to the Chapter 11 Proceedings and the 363 Sale, due to objective and verifiable negative evidence including cumulative and current losses, we determined it was still more likely than not the net deferred tax assets would not be realized in major jurisdictions including the U.S., Canada, Australia, South Korea, Germany, Spain and the United Kingdom.

At December 31, 2010 objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions. If, in the future, we generate taxable income in jurisdictions where we have recorded full valuation allowances, on a sustained basis, our conclusion regarding the need for full valuation allowances in these tax jurisdictions could

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

change, resulting in the reversal of some or all of the valuation allowances. If our operations generate taxable income prior to reaching profitability on a sustained basis, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Gross unrecognized tax benefits before valuation allowances	$ 5,169	$ 5,410
Amount that would favorably affect effective tax rate in future	$ 785	$ 618
Amount of liability for uncertain tax positions benefits netted against deferred tax assets in the same jurisdiction (a)	$ 3,605	$ 4,007

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 5,410	$ 4,096	$ 2,803	$ 2,754
Additions to tax positions in the current year	195	1,454	1,493	208
Additions to tax positions in prior years	803	22	594	751
Reductions to tax positions in the current year	—	(44)	(25)	(47)
Reductions to tax positions in prior years	(475)	(128)	(626)	(725)
Reductions in tax positions due to lapse of statutory limitations	(18)	—	(281)	—
Settlements	(761)	(111)	(16)	(275)
Other	15	121	154	137
Ending balance	$ 5,169	$ 5,410	$ 4,096	$ 2,803

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ 13	$ —	$ 249	$ 26
Interest expense (benefit)	$ 20	$ 30	$ (31)	$ 13
Penalties	$ 1	$ —	$ 30	$ 4

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor	
	December 31, 2010	December 31, 2009
Accrued interest receivable	$ —	$ 10
Accrued interest payable	$ 250	$ 275
Accrued penalties	$ 119	$ 137

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we are using or expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382(a) of the Internal Revenue Code. On November 1, 2010, we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. In Germany, we have net operating loss carryforwards for corporate income tax and trade tax purposes through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Although we received a ruling from the German tax authorities confirming the availability of these losses for carry over on January 26, 2011, a European Union Commission review concluded the German law on which the ruling was based is void and therefore reaffirmed these loss carryforwards are not available. We are evaluating options that would allow these loss carryforwards to reduce future taxable income. In Australia, we have net operating loss carryforwards which are subject to meeting a “Same Business Test” requirement that we assess on a quarterly basis.

In the U.S., we have continuing responsibility for Old GM’s open tax years. Old GM’s federal income tax returns for 2004 through 2006 were audited by the Internal Revenue Service (IRS), and the review was concluded in February 2010. The IRS is currently auditing Old GM’s federal 2007 and 2008 tax years. The IRS is also reviewing the January 1 through July 9, 2009 Old GM tax year as part of the IRS Compliance Assurance Process (CAP), the objective of which is to reach early issue resolution and increase audit efficiency. Our July 10, 2009 through December 31, 2009 and 2010 tax years are also under IRS CAP review. In addition to the U.S., income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2001 to 2009 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations, there is a risk that transfer pricing disputes may arise.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010.

In June 2010 a Mexican income tax audit covering the 2002 and 2003 years was concluded and an assessment of 2.0 billion pesos (equivalent to $165 million) including tax, interest and penalties was issued. We do not agree with the assessment and intend to appeal. We believe we have adequate reserves established and collection of the assessment will be suspended during the appeal period and any subsequent proceedings through U.S. and Mexican competent authorities.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010, this resolution resulted in a tax benefit of $140 million including interest.

Based on an unfavorable Brazilian Supreme court decision rendered to a separate Brazilian taxpayer on a similar income tax matter, it is likely we will settle a contested income tax matter for $242 million in the next twelve months. This amount was fully reserved in a prior period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2010, aside from the Brazilian matter, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 24. Fair Value Measurements

Automotive

Fair Value Measurements on a Recurring Basis

The following tables summarize the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 1,085	$ —	$ 1,085
Sovereign debt	—	523	—	523
Certificates of deposit	—	2,705	—	2,705
Money market funds	4,844	—	—	4,844
Commercial paper	—	3,807	—	3,807
Marketable securities				
Trading securities				
Equity	21	17	—	38
Debt	—	98	—	98
Available–for–sale securities				
United States government and agency	—	2,023	—	2,023
Sovereign debt	—	773	—	773
Certificates of deposit	—	954	—	954
Corporate debt	—	1,669	—	1,669
Restricted cash and marketable securities (a)				
United States government and agency	—	99	—	99
Money market funds	345	—	—	345
Sovereign debt	—	1,011	—	1,011
Corporate debt	—	19	—	19
Other assets				
Equity	5	—	—	5
Convertible debt	—	—	10	10
Derivatives				
Commodity	—	93	—	93
Foreign currency	—	80	—	80
Other	—	44	—	44
Total assets	$ 5,215	$ 15,000	$ 10	$ 20,225
Liabilities				
Other liabilities				
Options	$ —	$ —	$ 24	$ 24
Derivatives				
Foreign currency	—	113	—	113
Commodity	—	9	—	9
Total liabilities	$ —	$ 122	$ 24	$ 146

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor — Fair Value Measurements on a Recurring Basis at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 580	$ —	$ 580
Certificates of deposit	—	2,140	—	2,140
Money market funds	7,487	—	—	7,487
Commercial paper	—	969	—	969
Marketable securities				
Trading securities				
Equity	15	17	—	32
Debt	—	92	—	92
Available–for–sale securities				
United States government and agency	—	2	—	2
Certificates of deposit	—	8	—	8
Restricted cash and marketable securities (a)				
United States government and agency	—	140	—	140
Money market funds	13,083	—	—	13,083
Sovereign debt	—	955	—	955
Other assets				
Equity	13	—	—	13
Derivatives				
Commodity	—	11	—	11
Foreign currency	—	90	33	123
Other	—	25	—	25
Total assets	$20,598	$5,029	$ 33	$ 25,660
Liabilities				
Derivatives				
Foreign currency	$ —	$ 9	$ 705	$ 714
Total liabilities	$ —	$ 9	$ 705	$ 714

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

Transfers In and/or Out of Level 3

At December 31, 2010 our non-performance risk remains unobservable through a liquid credit default swap market. In the three months ended December 31, 2010 we determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. The effect of our non-performance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million out of Level 3 to Level 2.

In the period January 1, 2009 through July 9, 2009 Old GM's mortgage- and asset-backed securities were transferred out of Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

For periods presented from June 1, 2009 through September 30, 2010 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred into Level 3 from Level 2 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

The following tables summarize the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2010	$ —	$ —	$ (672)	$ —	$ —	$ (672)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	103	(3)	—	100
Included in other comprehensive income (loss)	—	—	(10)	—	—	(10)
Purchases, issuances and settlements	—	—	394	(21)	10	383
Transfer in and/or out of Level 3	—	—	185	—	—	185
Balance at December 31, 2010	$ —	$ —	$ —	$ (24)	$ 10	$ (14)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ —	$ (3)	$ —	$ (3)

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at July 10, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	238	—	—	238
Included in other comprehensive income (loss)	—	—	(103)	—	—	(103)
Purchases, issuances and settlements	—	—	623	—	—	623
Transfer in and/or out of Level 3	—	—	—	—	—	—
Balance at December 31, 2009	$ —	$ —	$ (672)	$ —	$ —	$ (672)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 214	$ —	$ —	$ 214

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Other Derivative Instruments	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2009	$ 49	$ (17)	$ (2,144)	$ (164)	$ 17	$ (2,259)
Total realized/unrealized gains (losses)						
Included in earnings	(2)	13	26	164	(5)	196
Included in other comprehensive income (loss)	—	—	(2)	—	—	(2)
Purchases, issuances and settlements	(14)	4	105	—	(7)	88
Transfer in and/or out of Level 3	(33)	—	585	—	(5)	547
Balance at July 9, 2009	$ —	$ —	$ (1,430)	$ —	$ —	$ (1,430)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 28	$ —	$ —	$ 28

Short-Term and Long-Term Debt

We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

The following table summarizes the carrying amount and estimated fair values of short-term and long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount (a)	$ 4,630	$ 15,783
Fair value (a)	$ 4,840	$ 16,024

(a) Accounts and notes receivable, net and Accounts payable (principally trade) are not included because the carrying amount approximates fair value due to their short-term nature.

Ally Financial Common and Preferred Stock

At December 31, 2010 we estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. This approach provides our best estimate of the fair value of our investment in Ally Financial common stock at December 31, 2010 due to Ally Financial's transition to a bank holding company and less readily available information with which to value Ally Financial's business operations individually. The significant inputs used in our fair value analysis were Ally Financial's December 31, 2010 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry.

At December 31, 2009 we estimated the fair value of our investment in Ally Financial common stock using a market approach based on the average price to tangible book value multiples of comparable companies to each of Ally Financial's Auto Finance, Commercial Finance, Mortgage, and Insurance operations to determine the fair value of the individual operations. These values were aggregated to estimate the fair value of Ally Financial's common stock. The significant inputs used to determine the appropriate multiple for Ally Financial and used in our analysis were as follows:

- Ally Financial's December 31, 2009 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Historical segment equity information separately provided by Ally Financial;

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

At December 31, 2010 and 2009 we calculated the fair value of our investment in Ally Financial's preferred stock using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial's preferred stock and the expected call date.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common and preferred stock (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Common stock		
Carrying amount (a)	$ 964	$ 970
Fair value	$ 1,031	$ 970
Preferred stock		
Carrying amount	$ 665	$ 665
Fair value	$ 1,055	$ 989

(a) Investment in Ally Financial common stock at December 31, 2010 and 2009 includes the 9.9% and 16.6% held directly and indirectly through an independent trust.

Automotive Financing

Fair Value Measurements on a Recurring Basis

The following table summarizes the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
Money market funds	$ 167	$ —	$ —	$ 167
Restricted cash (a)				
Money market funds	952	—	—	952
Derivatives				
Interest rate swaps (b)	—	—	23	23
Interest rate caps (b)	—	8	—	8
Total assets	$1,119	$ 8	$ 23	$1,150
Liabilities				
Derivatives				
Interest rate swaps (b)	$ —	$ —	$ 47	$ 47
Interest rate caps (b)	—	8	—	8
Foreign currency contracts	—	2	—	2
Total liabilities	$	$ 10	$ 47	$ 57

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(a) Cash deposits and cash held in Guaranteed Investment Contracts have been excluded.

(b) The fair value of interest rate cap and swap derivatives are based upon quoted market prices when available. If quoted prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk adjusted rate.

Transfers In and/or Out of Level 3

The following table summarizes the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor	
	Assets	(Liabilities)
	Interest Rate Swap Derivatives	Interest Rate Swap Derivatives
Balance at October 1, 2010	$ 27	$ (61)
Transfers in and/or out of Level 3	—	—
Total realized/unrealized gains (losses)		
Included in earnings	1	(1)
Included in other comprehensive income (loss)	—	—
Settlements	(5)	15
Balance at December 31, 2010	$ 23	$ (47)

The following table summarizes estimated fair values, carrying amounts and various methods and assumptions used in valuing GM Financial's financial instruments (dollars in millions):

	December 31, 2010	
	Carrying Amount	Estimated Fair Value
Financial assets		
Finance receivables, net (a)	$ 8,197	$ 8,186
Financial liabilities		
Credit facilities(b)	$ 832	$ 832
Securitization notes payable (c)	$ 6,128	$ 6,107
Senior notes and convertible senior notes (c)	$ 72	$ 72

(a) The fair value of the finance receivables is estimated based upon forecasted cash flows discounted using a pre-tax weighted-average cost of capital. The forecast includes among other things items such as prepayment, defaults, recoveries and fee income assumptions.

(b) Credit facilities have variable rates of interest and maturities of three years or less. The carrying amount is considered to be a reasonable estimate of fair value.

(c) The fair values of the securitization notes payable and senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 25. Restructuring and Other Initiatives

Automotive

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to preserve adequate liquidity, to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

Refer to Note 26 for asset impairment charges related to our restructuring initiatives and Note 20 for pension and other postretirement benefit charges resulting from our hourly and salaried employee separation initiatives, including special attrition programs.

GM Financial did not execute any new restructuring initiatives in the three months ended December 31, 2010. Charges and payments for restructuring activities in the three months ended December 31, 2010 related to previously announced programs are not significant.

The following table summarizes Automotive restructuring reserves (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Successor				
	GMNA	GME	GMIO	GMSA	Total
Balance at July 10, 2009	$2,905	$ 433	$ 32	$ 16	$ 3,386
Additions	44	37	76	9	166
Interest accretion and other	15	35	—	—	50
Payments	(994)	(61)	(109)	(19)	(1,183)
Revisions to estimates	30	—	1	(3)	28
Effect of foreign currency	88	7	3	1	99
Balance at December 31, 2009	2,088	451	3	4	2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	$1,135	$ 664	$ 3	$ —	$ 1,802

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor				
	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2008	$ 868	$ 580	$ —	$ 4	$ 1,452
Additions	2,165	242	96	34	2,537
Interest accretion and other	41	62	—	—	103
Payments	(745)	(368)	(33)	(20)	(1,166)
Revisions to estimates	320	(18)	—	(3)	299
Effect of foreign currency	(193)	(30)	(18)	(2)	(243)
Balance at December 31, 2008	2,456	468	45	13	2,982
Additions	1,835	20	27	38	1,920
Interest accretion and other	16	11	—	—	27
Payments	(1,014)	(65)	(43)	(48)	(1,170)
Revisions to estimates	(401)	—	—	9	(392)
Effect of foreign currency	50	(1)	3	4	56
Balance at July 9, 2009	2,942	433	32	16	3,423
Effect of application of fresh-start reporting	(37)	—	—	—	(37)
Ending balance including effect of application of fresh-start reporting	$ 2,905	$ 433	$ 32	$ 16	$ 3,386

(a) The remaining cash payments related to these restructuring reserves primarily relate to postemployment benefits to be paid.

GM

GMNA recorded charges, interest accretion and other, and revisions to estimates that decreased the restructuring reserves by $275 million in the year ended December 31, 2010. The decreases were primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates of $840 million in the year ended December 31, 2010 for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affects 2,600 employees.
- Separation charges of $72 million and revisions to estimates to decrease the reserve by $9 million related to separation/layoff plans and an early retirement plan in Spain which affects 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program and previously announced programs in Germany.

We have committed to a restructuring plan for GME, and as of December 31, 2010 we expect to expend up to $1.4 billion. Of this amount $0.8 billion was recorded in 2010 as charges for the separation programs described above. We expect to incur an additional $0.6 billion primarily in 2011 and 2012 to complete these programs. Because these programs involve voluntary separations, no liabilities are recorded until offers to employees are accepted.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMNA recorded charges, interest accretion and other, and revisions to estimates of $89 million in the period July 10, 2009 through December 31, 2009 for separation programs primarily related to the following initiatives:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.

- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees. Such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates of $72 million in the period July 10, 2009 through December 31, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $77 million in the period July 10, 2009 through December 31, 2009, primarily related to separation charges of $72 million related to restructuring programs in Australia for salaried and hourly employees.

Dealer Wind-downs

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. At December 31, 2010 there were 5,200 dealers in GMNA compared to 6,500 at December 31, 2009. Certain dealers in the U.S. that had signed wind-down agreements with us elected to file for reinstatement through a binding arbitration process. At December 31, 2010 the arbitration process had been resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 and in the year ended December 31, 2010 (dollars in millions):

	Successor		
	U.S.	Canada and Mexico	Total
Balance at July 10, 2009	$ 398	$ 118	$ 516
Additions	229	46	275
Payments	(167)	(118)	(285)
Transfer to legal reserve	—	(17)	(17)
Effect of foreign currency	—	12	12
Balance at December 31, 2009	460	41	501
Revisions to estimates	(2)	9	7
Payments	(323)	(43)	(366)
Effect of foreign currency	—	2	2
Balance at December 31, 2010	$ 135	$ 9	$ 144

Restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 increased primarily due to additional accruals recorded for wind-down payments to Saturn dealerships in accordance with the deferred termination agreements that Saturn dealers signed.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Old GM

GMNA recorded charges, interest accretion and other, and revisions to estimates of $1.5 billion in the period January 1, 2009 through July 9, 2009 for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 Special Attrition Programs.
- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.
- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 Special Attrition Programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.
- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.
- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program at the Oshawa Facility.

GME recorded charges, interest accretion and other, and revisions to estimates of $31 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $27 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $47 million in the period January 1, 2009 through July 9, 2009 related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $2.5 billion in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Postemployment benefit costs in the U.S. and Canada of $2.1 billion, which was comprised of $1.7 billion related to previously announced capacity actions and $407 million for special attrition programs.
- Revisions to estimates that increased the reserve of $320 million.
- Separation charges of $40 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

GME recorded charges, interest accretion and other, and revisions to estimates of $286 million in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Separation charges in Germany of $107 million related to early retirement programs, along with additional minor separations under other current programs.
- Separation charges in Belgium of $92 million related to current and previously announced programs.
- Separation charges of $43 million related to separation programs and the cost of previously announced initiatives, which include voluntary separations, in Sweden, the United Kingdom, Spain and France.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMIO recorded charges, interest accretion and other, and revisions to estimates of $96 million in the year ended December 31, 2008 primarily related to separation charges of $76 million related to a facility idling in Australia.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $31 million in the year ended December 31, 2008 related to separation charges in South America.

Dealer Wind-downs

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period January 1, 2009 through July 9, 2009 (dollars in millions):

	Predecessor		
	U.S.	Canada and Mexico	Total
Balance at January 1, 2009	$ —	$ —	$ —
Additions	398	120	518
Payments	—	(2)	(2)
Balance at July 9, 2009	$398	$ 118	$516

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 26. Impairments

Automotive

The following table summarizes impairment charges (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
GMNA				
Goodwill	$ —	$ —	$ —	$ 154
Intangibles assets	—	21	—	—
Product-specific tooling assets	234	1	278	291
Cancelled powertrain programs	—	—	42	120
Equity and cost method investments	—	4	28	119
Vehicles leased to rental car companies	—	—	11	160
Automotive retail leases (a)	—	—	—	220
Other than temporary impairment charges on debt and equity securities (b)	—	—	—	47
Total GMNA impairment charges	234	26	359	1,111
GME				
Goodwill	—	—	—	456
Product-specific tooling assets	—	—	237	497
Vehicles leased to rental car companies	49	18	36	222
Total GME impairment charges	49	18	273	1,175
GMIO				
Product-specific tooling assets	6	1	7	66
Asset impairment charges related to restructuring initiatives	—	—	—	28
Total GMIO impairment charges	6	1	7	94
GMSA				
Product specific tooling assets	—	—	—	6
Asset impairment charges related to restructuring initiatives	—	—	—	2
Other long-lived assets	—	—	2	—
Total GMSA impairment charges	—	—	2	8
Corporate				
Other than temporary impairment charges on debt and equity securities (b)	—	—	11	15
Automotive retail leases	—	—	16	157
Ally Financial Common Membership Interests	—	—	—	7,099
Ally Financial common stock	—	270	—	—
Ally Financial Preferred Membership Interests	—	—	—	1,001
Total Corporate impairment charges	—	270	27	8,272
Total impairment charges	$ 289	$ 315	$ 668	$ 10,660

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

(b) Refer to Note 8 and Note 24 for additional information on marketable securities and financial instruments measured at fair value on a recurring basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair value measurements, excluding vehicles leased to rental car companies and automotive retail leases, utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved. Fair value measurements of vehicles leased to rental car companies utilized projected cash flows from vehicle sales at auction. Fair value measurements of automotive retail leases utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

The following tables summarize assets measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

GM

	Successor				
		Fair Value Measurements Using			
	Year Ended December 31, 2010 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2010 Total Losses
Product-specific tooling assets	$ —	$ —	$ —	$ —	$ (240)
Vehicles leased to rental car companies	$ 537-668	$ —	$ —	$ 537-668	(49)
					$ (289)

(a) Amounts represent the fair value measure (or range of measures) during the period.

	Successor				
		Fair Value Measurements Using			
	Period Ended December 31, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 10, 2009 Through December 31, 2009 Total Losses
Product-specific tooling assets	$ —	$ —	$ —	$ —	$ (2)
Equity and cost method investments (other than Ally Financial)	$ 1	$ —	$ —	$ 1	(4)
Vehicles leased to rental car companies (b)	$543 - 567	$ —	$ —	$543 - 567	(18)
Ally Financial common stock	$ 970	$ —	$ —	$ 970	(270)
Intangible assets	$ —	$ —	$ —	$ —	(21)
					$ (315)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the period July 10, 2009 through September 30, 2009 we recorded impairment charges of $12 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the three months ended December 31, 2009 we recorded an impairment charge of $6 million to write down vehicles leased to rental car companies to their fair value of $567 million.

At December 31, 2009 we determined that indicators were present that suggested our investments in Ally Financial common and preferred stock could be impaired. Such indicators included the continuing deterioration in Ally Financial's mortgage operations, as evidenced by the strategic actions Ally Financial took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in Ally Financial recording an increase in its provision for loan losses of $2.4 billion in the three months ended December 31, 2009. These indicators also included Ally Financial's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these impairment indicators, we evaluated the fair value of our investments in Ally Financial common and preferred stock and recorded an impairment charge of $270 million related to our Ally Financial common stock to record the investment at its estimated fair value of $970 million. We determined the fair value of these investments using valuation methodologies that were consistent with those we used in our application of fresh-start reporting. In applying these valuation methodologies at December 31, 2009, however, we updated the analyses to reflect changes in market comparables and other relevant assumptions.

Old GM

	Predecessor				
		Fair Value Measurements Using			
	Period Ended July 9, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	January 1, 2009 Through July 9, 2009 Total Losses
Product-specific tooling assets (b)	$ 0-85	$ —	$ —	$ 0-85	$ (522)
Cancelled powertrain programs	$ —	$ —	$ —	$ —	(42)
Other long-lived assets	$ —	$ —	$ —	$ —	(2)
Equity and cost method investments (other than Ally Financial)	$ —	$ —	$ —	$ —	(28)
Vehicles leased to rental car companies (c)	$539-2,057	$ —	$ —	$539-2,057	(47)
Automotive retail leases	$ 1,519	$ —	$ —	$ 1,519	(16)
					$ (657)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the three months ended March 31, 2009 Old GM recorded impairment charges of $285 million to write down product-specific tooling assets to their fair value of $85 million. In the three months ended June 30, 2009 Old GM recorded impairment charges of $237 million to write down product-specific tooling assets to their fair value of $0.

(c) In the three months ended March 31, 2009 Old GM recorded impairment charges of $29 million to write down vehicles leased to rental car companies to their fair value $2.1 billion. In the three months ended June 30, 2009 Old GM recorded impairment charges of $17 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the period July 1, 2009 through July 9, 2009 Old GM recorded impairment charges of $1 million to write down vehicles leased to rental car companies to their fair value of $539 million.

Contract Cancellations

The following table summarizes net contract cancellation charges recorded in Automotive cost of sales primarily related to the cancellation of product programs (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
GMNA (a)	$ 30	$ 80	$ 157
GME	3	—	12
GMIO	—	2	8
Total contract cancellations	$ 33	$ 82	$ 177

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 27. Other Automotive Expenses, net

The following table summarizes the components of Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Operating and other expenses (income)	$ (7)	$ (35)	$ 22	$ 409
Expenses related to Saab deconsolidation, net (Note 5)	—	(60)	824	—
Saab impairment charges	—	—	88	—
Delphi related charges (Note 22)	—	8	184	4,797
Depreciation and amortization expense	125	89	101	749
Goodwill impairment charges (Note 26)	—	—	—	610
Interest expense	—	13	16	134
Total other automotive expenses, net	$ 118	$ 15	$ 1,235	$ 6,699

Interest expense and depreciation and amortization expense recorded in Other automotive expenses, net relates to a portfolio of automotive retail leases.

Note 28. Interest Income and Other Non-Operating, net

Automotive

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ 465	$ 184	$ 183	$ 655
Net gains on derivatives	68	278	—	—
Rental income	164	88	100	209
Dividends and royalties	213	105	145	171
Other (a)	645	(215)	424	(611)
Total interest income and other non-operating income, net	$ 1,555	$ 440	$ 852	$ 424

(a) Amounts for the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable Adjustment Shares of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million. Amounts for the period July 10, 2009 through December 31, 2009 include impairment charges related to Ally Financial common stock of $270 million. Amounts for the year ended December 31, 2008 include impairment charges related to Ally Financial Preferred Membership Interests of $1.0 billion.

Note 29. Stockholders' Equity (Deficit) and Noncontrolling Interests

Consolidated

Preferred Stock

We have 2.0 billion shares of preferred stock authorized, with a par value of $0.01 per share.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Series A Preferred Stock

At December 31, 2010 we had 276 million shares of Series A Preferred Stock issued and outstanding. The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount of $25.00 per share and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. Holders of the Series A Preferred Stock are entitled to receive dividends at the sole discretion of our Board of Directors at a rate of 9.0% per annum. Unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full, no dividends or distributions may be paid on common stock or Series B Preferred Stock and no shares of common stock or Series B Preferred Stock may be purchased or redeemed by us (subject to certain exceptions that are specified in the certificate of designations for the Series A Preferred Stock). Dividends, if declared, will be payable on March 15, June 15, September 15 and December 15 of each year. In the year ended December 31, 2010 we paid dividends on our Series A Preferred Stock of $810 million or $2.25 per share. In the year ended December 31, 2009 we paid dividends on our Series A Preferred Stock of $349 million or $0.97 per share. We may not redeem the Series A Preferred Stock prior to December 31, 2014. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends.

The Series A Preferred Stock was originally classified as temporary equity because the holders of Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion recorded in Cumulative dividends on and charge related to purchase of preferred stock. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion because the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

Series B Preferred Stock

At December 31, 2010 we had 100 million shares of Series B Preferred Stock issued and outstanding. The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock; and (4) junior to all of our existing and future debt obligations. Holders of our Series B Preferred Stock are entitled to dividends that accumulate at a rate of 4.75% per annum. Dividends, if declared based on the sole discretion of our Board of Directors, will be payable on March 1, June 1, September 1 and December 1. The Series B Preferred Stock is not redeemable and has a liquidation preference in the amount of $50.00 per share. The holders of the Series B Preferred Stock do not have voting rights, except with respect to certain fundamental changes in the terms of the Series B Preferred Stock, in the case of certain dividend arrearages and as required under Delaware law. Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 (mandatory conversion date) into a number of shares of

Table of Contents

our common stock. The number of shares of our common stock issuable upon conversion of each share of Series B Preferred Stock on the mandatory conversion date, is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a price range of $33.00 to $39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock). If the applicable market value of our common stock upon mandatory conversion is above or below the price range of $33.00 to $39.60 per common share, the Series B Preferred Stock converts into a fixed number of shares of our common stock based on a fixed conversion ratio. The fixed conversion ratio will be 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60. The fixed conversion ratio will be 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stock holder's interest. These anti-dilution provisions provide a holder of the Series B Preferred Stock a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required. Under the two-class method for computing earnings per share, undistributed earnings will be allocated to the Series B Preferred Stock in each period in which the applicable market value of our common stock is above or below the price range of $33.00 to $39.60 per common share. The amount of the undistributed earnings to be allocated to the Series B Preferred Stock is based on the terms of the anti-dilution provisions and reflects the incremental value above the $50.00 per share liquidation value that the holder would receive if the market value of our common stock falls outside the price range of $33.00 to $39.60. When the applicable market value of our common stock falls within the price range of $33.00 to $39.60 per common share, no undistributed earnings will be allocated to the Series B Preferred Stock for earnings per share purposes because a holder of Series B Preferred Stock is entitled only to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock) upon mandatory conversion and therefore does not participate in earnings. For purposes of computing diluted earnings per share, the if-converted method will be used to the extent that the result is more dilutive than the application of the two-class method.

Common Stock

We have 5.0 billion shares of common stock authorized, with a par value of $0.01 per share. At December 31, 2010 and 2009 we had 1.5 billion shares issued and outstanding. Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

Warrants

In connection with the 363 Sale, we issued two warrants, each to acquire 136 million shares of common stock, to MLC and one warrant to acquire 46 million shares of common stock to the New VEBA. The first of the MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share, and the second of the MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrant is exercisable at any time prior to December 31, 2015

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

at an exercise price of $42.31 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Daewoo, a majority-owned and consolidated subsidiary, for Korean Won 491 billion (equivalent to $417 million when entered into). As a result of the participation in the equity rights offering, our ownership interest in GM Daewoo increased from 50.9% to 70.1%. Funds from our UST escrow account were utilized for this rights offering.

In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net loss attributable to common stockholders and transfers from (to) noncontrolling interests (dollars in millions):

	Successor
	July 10, 2009 Through December 31, 2009
Net loss attributable to common stockholders	$ (4,428)
Increase in capital surplus resulting from GM Daewoo equity rights offering	108
Changes from net loss attributable to common stockholders and transfers from (to) noncontrolling interests	$ (4,320)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Successor		Predecessor
	December 31, 2010	December 31, 2009	December 31, 2008
Foreign currency translation gain (loss)	$ 394	$ 157	$ (2,122)
Cash flow hedging losses, net	(23)	(1)	(490)
Net unrealized gain (loss) on securities	(5)	2	(33)
Defined benefit plans, net	885	1,430	(29,694)
Accumulated other comprehensive income (loss)	$ 1,251	$ 1,588	$ (32,339)

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Successor					
	Year Ended December 31, 2010			July 10, 2009 Through December 31, 2009		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain	$ 210	$ —	$ 210	$ 135	$ 11	$ 124
Cash flow hedging losses, net	(22)	—	(22)	(1)	—	(1)
Unrealized gain (loss) on securities	(7)	—	(7)	7	5	2
Defined benefit plans						
Prior service benefit (cost) from plan amendments	7	1	6	112	130	(18)
Less: amortization of prior service cost included in net periodic benefit cost	(12)	—	(12)	—	—	—
Net prior service cost	(5)	1	(6)	112	130	(18)
Actuarial gain (loss) from plan measurements	(530)	34	(564)	2,702	1,247	1,455
Less: amortization of actuarial gain (loss) included in net periodic benefit cost	25	—	25	(6)	1	(7)
Net actuarial amounts	(505)	34	(539)	2,696	1,248	1,448
Defined benefit plans, net	(510)	35	(545)	2,808	1,378	1,430
Other comprehensive income (loss)	(329)	35	(364)	2,949	1,394	1,555
Less: other comprehensive loss attributable to noncontrolling interests	(13)	—	(13)	(33)	—	(33)
Other comprehensive income (loss) attributable to common stockholders	$ (316)	$ 35	$ (351)	$ 2,982	$ 1,394	$ 1,588

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009			Year Ended December 31, 2008		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain (loss)	$ 187	$ 40	$ 147	$ (1,289)	$ 27	$ (1,316)
Cash flow hedging gains (losses), net	145	(131)	276	(1,284)	(53)	(1,231)
Unrealized gain (loss) on securities	46	—	46	(298)	—	(298)
Defined benefit plans						
Prior service benefit (cost) from plan amendments	(3,882)	(1,551)	(2,331)	449	(1)	450
Less: amortization of prior service cost included in net periodic benefit cost	5,162	3	5,159	(5,063)	284	(5,347)
Net prior service benefit (cost)	1,280	(1,548)	2,828	(4,614)	283	(4,897)
Actuarial loss from plan measurements	(2,574)	1,532	(4,106)	(14,684)	(120)	(14,564)
Less: amortization of actuarial loss included in net periodic benefit cost	(2,109)	22	(2,131)	3,524	159	3,365
Net actuarial amounts	(4,683)	1,554	(6,237)	(11,160)	39	(11,199)
Net transition assets from plan initiations	6	1	5	—	—	—
Less: amortization of transition asset /obligation included in net periodic benefit cost	(5)	(1)	(4)	11	3	8
Net transition amounts	1	—	1	11	3	8
Defined benefit plans, net	(3,402)	6	(3,408)	(15,763)	325	(16,088)
Other comprehensive income (loss)	(3,024)	(85)	(2,939)	(18,634)	299	(18,933)
Less: other comprehensive income (loss) attributable to noncontrolling interests	92	—	92	(581)	—	(581)
Other comprehensive income (loss) attributable to common stockholders	$(3,116)	$ (85)	$(3,031)	$(18,053)	$ 299	$(18,352)

Note 30. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share was computed by dividing Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings (loss) per share was computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and diluted earnings (loss) per share (in millions, except for per share amounts):

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (b)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Basic				
Net income (loss) attributable to common stockholders — basic	$ 4,668	$ (4,428)	$109,118	$ (30,943)
Addition of preferred dividends to holders of Series B Preferred Stock	25	—	—	—
Net income (loss) attributable to common stockholders-diluted	$ 4,693	$ (4,428)	$109,118	$ (30,943)
Basic and Diluted shares				
Weighted-average common shares outstanding-basic	1,500	1,238	611	579
Dilutive effect of warrants	106	—	—	—
Dilutive effect of conversion of Series B Preferred Stock	17	—	—	—
Dilutive effect of RSUs	1	—	—	—
Weighted-average common shares outstanding-diluted	1,624	1,238	611	579
Basic earnings per share	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Diluted earnings per share	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)

(a) The year ended December 31, 2010 includes earned but undeclared dividends of $26 million on our Series A Preferred Stock and $25 million on our Series B Preferred Stock, which decreases Net income attributable to common stockholders.

(b) The period July 10, 2009 through December 31, 2009 includes accumulated but undeclared dividends of $34 million on Series A Preferred Stock, which increases Net loss attributable to common stockholders, and excludes dividends of $252 million on Series A Preferred Stock, which were paid to the New VEBA prior to December 31, 2009. The 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding until December 31, 2009 due to the terms of the 2009 UAW Retiree Settlement Agreement.

GM

In the year ended December 31, 2010 we considered potentially dilutive securities in our diluted earnings per share computation under the treasury stock method. In periods prior to our public offering, we utilized an average stock price based upon estimates of the fair value of our common stock. Subsequent to our public offering, we used the New York Stock Exchange price.

In the year ended December 31, 2010 because the market value of our common stock was within the price range of $33.00 to $39.60 per common share no undistributed earnings were allocated to our Series B Preferred Stock under the two-class method for purposes of calculating basic earnings per share. The dilutive effect of these securities was determined by assuming conversion of the securities at issuance resulting in an increase to the weighted-average common shares outstanding and an increase to Net income attributable to common stockholders for accumulated dividends on our Series B Preferred Stock.

In the year ended December 31, 2010 warrants to purchase 318 million shares were outstanding, of which 46 million were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining 272 million warrants resulted in 106 million dilutive shares for the year ended December 31, 2010.

In the year ended December 31, 2010 diluted earnings per share included the assumed issuance of unvested restricted stock units (RSUs) granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date. At December 31, 2010 there were 11 million unvested RSUs outstanding.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In the period July 10, 2009 through December 31, 2009, outstanding warrants to purchase 272 million shares of common stock were not included in the computation of diluted loss per share because the effect would have been antidilutive and RSUs were excluded from the computation of diluted earnings per share as these awards were payable in cash during that time. At December 31, 2009 there were 1 million RSUs outstanding.

In the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009 the Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

The 61 million shares of common stock contributed to our pension plan in January 2011 will not be included in the computation of earnings per share until they meet the criteria to qualify as plan assets for accounting purposes.

Old GM

In the period January 1, 2009 through July 9, 2009 diluted earnings per share included the potential effect of the assumed exercise of certain stock options. Old GM excluded 208 million of stock options and warrants in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares.

Due to Old GM's net losses in the year ended December 31, 2008, the assumed exercise of stock options and warrants had an antidilutive effect and therefore was excluded from the computation of diluted loss per share. Old GM excluded 101 million such options and warrants in the computation of diluted loss per share.

No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures have been included in the computation of diluted income (loss) per share for the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 as the conversion options in various series of convertible debentures were not in-the-money.

Note 31. Stock Incentive Plans

Consolidated

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan as amended December 22, 2010 (2009 GMLTIP) and the Salary Stock Plan as amended October 5, 2010 (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these plans shall not exceed 75 million.

The following table summarizes compensation expense and total Income tax expense recorded for our stock incentive plans (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Compensation expense (a)	$ 235	$ 23
Income tax expense (b)	$ —	$ 8

(a) Includes an insignificant amount of restricted stock granted in December 2010.

(b) Income tax expense does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Long-Term Incentive Plan

In 2010 we granted RSUs to certain global executives under the 2009 GMLTIP. We granted 15 million RSUs valued at the grant date fair value of our common stock in the year ended December 31, 2010 and no RSUs under this plan in the period June 10, 2009 through December 31, 2009. Awards granted under the 2009 GMLTIP will generally vest over a three year service period. Compensation cost for these awards are recorded on a straight-line basis over the vesting period. Our policy is to issue new shares upon settlement of RSUs.

The awards for the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle after three years in 25% increments in conjunction with each 25% of the U.S. and Canadian government loans that are repaid. The U.S. and Canadian government loans were fully repaid in April 2010, thus these awards will be settled upon completion of the remaining three year service period.

Retirement eligible participants that are non-top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the third anniversary date of the grant. Compensation cost for these employees is recognized on a straight-line basis over the requisite service period.

Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

Salary Stock

In November 2009 we initiated a salary stock program for certain global executives under the GMSSP whereby, a portion of each participant's total annual compensation was accrued and converted to RSUs at each salary payment date. In 2010 a portion of each participant's salary accrued on each salary payment date converted to RSUs on a quarterly basis. Our policy is to issue new shares upon settlement of these awards.

The awards are fully vested and nonforfeitable upon grant, therefore compensation cost is fully recognized on the date of grant. The awards are settled quarterly over a three year period commencing on the first anniversary date of grant. Under the terms of the plan, each installment is now redeemable one year earlier from the original settlement date as we have repaid the financial assistance we received from the UST under the TARP program in 2010. Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

The compensation cost of each RSU granted under the 2009 GMLTIP and GMSSP that will be settled in equity is based on the fair value of our common stock on the date of grant or, for those RSUs reclassified from liability to equity-based awards, the fair value of our common stock as of the date of the public offering.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes our RSU activity under the 2009 GMLTIP and GMSSP in the period July 10, 2009 through December 31, 2010 (RSUs in millions):

	Successor RSUs		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at July 10, 2009	—	$ —	
Granted	1.1	$ 16.39	
Settled	—	$ —	
Forfeited or expired	—	$ —	
RSUs outstanding at December 31, 2009	1.1	$ 16.39	
Granted	17.2	$ 19.17	
Settled	(0.3)	$ 16.39	
Forfeited or expired	(0.8)	$ 18.80	
RSUs outstanding at December 31, 2010	17.2	$ 19.03	1.8
RSUs unvested and expected to vest at December 31, 2010	11.9	$ 18.82	2.2
RSUs vested and payable at December 31, 2010	4.7	$ 19.58	—

At December 31, 2010 the total unrecognized compensation expense for nonvested equity awards granted under the 2009 GMLTIP was $313 million. This expense is expected to be recorded over a weighted-average period of 2.2 years.

In the year ended December 31, 2010 total payments for 291,753 RSUs settled under the GMSSP was $5 million.

Old GM

Old GM had various stock incentive plans which were administered by either its Executive Compensation Committee of its Board of Directors or its Vice President of Human Resources. Stock incentive awards consisted of stock options, market-contingent stock options, stock performance awards and cash-based restricted stock units. Stock incentive awards, some of which were subject to performance conditions, were granted at fair value and were subject to various vesting conditions. In connection with the 363 Sale, MLC retained the responsibility for administering Old GM's stock incentive plans. We have recorded no compensation expense related to Old GM's stock incentive plans subsequent to July 9, 2009.

The following table summarizes compensation expense (benefit) and total Income tax expense (benefit) recorded for the Old GM Stock Incentive Plans (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Compensation expense (benefit)	$ (10)	$ (65)
Income tax expense (benefit) (a)	$ —	$ 3

(a) Income tax expense (benefit) does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 32. Transactions with Ally Financial

Automotive

Old GM entered into various operating and financing arrangements with Ally Financial, a related party, and in connection with the 363 Sale we assumed the terms and conditions of these arrangements. The following tables describe the financial statement effects of and maximum obligations under these agreements (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Operating lease residuals		
Residual support (a)		
Liabilities (receivables) recorded	$ (24)	$ 369
Maximum obligation	$ 523	$ 1,159
Risk sharing (a)		
Liabilities recorded	$ 269	$ 366
Maximum obligation	$ 692	$ 1,392
Note payable to Ally Financial	$ —	$ 35
Vehicle repurchase obligations		
Maximum obligations	$ 18,807	$ 14,249
Fair value of guarantee	$ 21	$ 46

(a) Represents liabilities (receivables) recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into in 2010 and 2009 do not include residual support or risk sharing programs. In the year ended December 31, 2010 favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion were recorded in the U.S. due to increases in estimated residual values.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Marketing incentives and operating lease residual payments (a)	$ 1,111	$ 695	$ 601	$ 3,400
Exclusivity fee revenue	$ 99	$ 47	$ 52	$ 105
Royalty income	$ 15	$ 7	$ 8	$ 16

(a) Payments to Ally Financial related to U.S. marketing incentive and operating lease residual programs. Excludes payments to Ally Financial related to the contractual exposure limit, as subsequently discussed.

Marketing Incentives and Operating Lease Residuals

As a marketing incentive, interest rate support, residual support, risk sharing, capitalized cost reduction and lease pull-ahead programs are initiated as a way to lower customers' monthly lease and retail contractual payments.

Under an interest rate support program, Ally Financial is paid an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. Such marketing incentives are referred to as rate support or subvention and the amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. Ally Financial is reimbursed to the extent that sales proceeds are less than the customer's contract residual value, limited to Ally

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial's standard residual value. As it relates to Ally Financial's U.S. lease originations and U.S. balloon retail contract originations occurring after April 30, 2006, Old GM agreed to pay the present value of the expected residual support owed to Ally Financial at the time of contract origination as opposed to after contract termination when the off-lease vehicles are sold. The actual residual support amount owed to Ally Financial is calculated as the contracts terminate and, in cases where the actual amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial, depending if sales proceeds are lower or higher than estimated at contract origination.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent that remarketing proceeds are below Ally Financial's standard residual value (limited to a floor). As a result of revisions to the risk-sharing arrangement, Old GM agreed to pay Ally Financial a quarterly fee through 2014.

In the event it is publicly announced that a GM vehicle brand will be discontinued, phased-out, sold or other strategic options are being considered, the residual value of the related vehicles may change. If such an announcement in the U.S. or Canada results in an estimated decrease in the residual value of the related vehicles, Ally Financial will be reimbursed for the estimated decrease for certain vehicles for a certain period of time. If such an announcement results in an increase in the residual value of the related vehicles, Ally Financial will pay the increase in the sale proceeds received at auction.

Under a capitalized cost reduction program, Ally Financial is paid an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. As part of such a program, Ally Financial waives the customer's remaining payment obligation under their current lease, and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit. Anticipated payments are made to Ally Financial each month based on the estimated number of customers expected to participate in a lease-pull ahead program. These estimates are adjusted once all vehicles that could have been pulled-ahead have terminated and the vehicles have been sold. Any differences between the estimates and the actual amounts owed to or from Ally Financial are subsequently settled.

In May 2009 Old GM entered into the Amended and Restated United States Consumer Financing Services Agreement (Amended Financing Agreement) with an effective date of December 29, 2008. The terms of the Amended Financing Agreement included conditions of interest rate support, residual support, risk sharing, capitalized cost reduction, and lease pull-ahead programs.

Exclusivity Arrangement

In November 2006 Old GM granted Ally Financial exclusivity for U.S., Canadian and international GM-sponsored consumer and wholesale marketing incentives for products in specified markets around the world, with the exception of Saturn branded products. In return for exclusivity, Ally Financial paid an annual exclusivity fee of $105 million ($75 million for the U.S. retail business, $15 million for the Canadian retail business, $10 million for the international operations retail business, and $5 million for the dealer business).

As a result of the Amended Financing Agreement, Old GM and Ally Financial agreed to modify certain terms related to the exclusivity arrangements: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and in some cases subject to the limitation that pricing offered by such third party meets certain restrictions, and after such two-year period any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive, side-by-side basis with Ally Financial provided that pricing with such third parties meets certain requirements; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 24, 2013 we will have the right to offer retail financing incentive programs through any third party financing source, including Ally Financial, without any restrictions or limitations.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Beginning in 2009 under the Amended Financing Agreement, Old GM agreed to pro-rate the exclusivity fee in the U.S. and Canada under certain circumstances if incentives were offered through a third party financing source. The international exclusivity fee arrangement remains unchanged and the dealer exclusivity fee was terminated.

In December 2008 Old GM and FIM Holdings entered into the Ally Financial Exchange Agreement with Ally Financial. Pursuant to the Ally Financial Exchange Agreement, Old GM and FIM Holdings exchanged their respective amounts funded under the Ally Financial Participation Agreement for 79,368 Class B Common Membership Interests and 82,608 Class A Common Membership Interests. As the carrying amount of the amount funded under the Ally Financial Participation Agreement approximated fair value, Old GM did not recognize a gain or loss on the exchange.

Contractual Exposure Limit

An agreement between Ally Financial and Old GM limited certain unsecured obligations arising from service agreements to Ally Financial in the U.S. to $1.5 billion. In accordance with the Amended Financing Agreement, Old GM and Ally Financial agreed to increase the probable potential unsecured exposure limit from $1.5 billion in the United States to $2.1 billion globally. Ally Financial's maximum potential unsecured exposure to us cannot exceed $4.1 billion globally. Old GM and Ally Financial also agreed to reduce the global unsecured obligation limit from $2.1 billion to $1.5 billion at December 31, 2010. Old GM and Ally Financial agreed that the sum of the maximum unsecured and committed secured exposures at December 31, 2010 will not exceed the greater of $3.0 billion or 15% of Ally Financial's capital.

Vehicle Repurchase Obligations

In May 2009 Old GM and Ally Financial agreed to expand Old GM's repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. The current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Automotive Retail Leases

In November 2006 Ally Financial transferred automotive retail leases to Old GM, along with related debt and other assets. Ally Financial retained an investment in a note, which is secured by the automotive retail leases. Ally Financial continues to service the portfolio of automotive retail leases and related debt and receives a servicing fee. Ally Financial is obligated, as servicer, to repurchase any equipment on operating leases that are in breach of any of the covenants in the securitization agreements. In addition, in a number of the transactions securitizing the equipment on operating leases, the trusts issued one or more series of floating rate debt obligations and entered into derivative transactions to eliminate the market risk associated with funding the fixed payment lease assets with floating interest rate debt. To facilitate these securitization transactions, Ally Financial entered into secondary derivative transactions with the primary derivative counterparties, essentially offsetting the primary derivatives. As part of the transfer, Old GM assumed the rights and obligations of the primary derivative while Ally Financial retained the secondary, leaving both companies

Table of Contents

exposed to market value movements of their respective derivatives. Old GM subsequently entered into derivative transactions with Ally Financial that are intended to offset the exposure each party has to its component of the primary and secondary derivatives.

Royalty Arrangement

For certain insurance products, Old GM entered into 10-year intellectual property license agreements with Ally Financial giving Ally Financial the right to use the GM name on certain products. In exchange, Ally Financial pays a royalty fee of 3.25% of revenue, net of cancellations, related to these products with a minimum annual guarantee of $15 million in the United States.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Assets		
Accounts and notes receivable, net (a)	$ 290	$ 404
Restricted cash and marketable securities (b)	$ —	$ 127
Other assets (c)	$ 26	$ 27
Liabilities		
Accounts payable (d)	$ 168	$ 131
Short-term debt and current portion of long-term debt (e)	$ 1,043	$ 1,077
Accrued liabilities and other liabilities (f)	$ 1,167	$ 817
Long-term debt (g)	$ 43	$ 59
Other non-current liabilities (h)	$ 84	$ 383

(a) Represents wholesale settlements due from Ally Financial, amounts owed by Ally Financial with respect to automotive retail leases and receivables for exclusivity fees and royalties.

(b) Represents certificates of deposit purchased from Ally Financial that are pledged as collateral for certain guarantees provided to Ally Financial in Brazil in connection with dealer floor plan financing.

(c) Primarily represents distributions due from Ally Financial on our investments in Ally Financial preferred stock.

(d) Primarily represents amounts billed to us and payable related to incentive programs.

(e) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest. It includes borrowing arrangements with various foreign locations and arrangements related to Ally Financial's funding of company-owned vehicles, rental car vehicles awaiting sale at auction and funding of the sale of vehicles to which title is retained while the vehicles are consigned to Ally Financial or dealers, primarily in the United Kingdom. Financing remains outstanding until the title is transferred to the dealers. This amount also includes the short-term portion of a note payable related to automotive retail leases.

(f) Primarily represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial in North America. This includes the estimated amount of residual support accrued under the residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and amounts owed under lease pull-ahead programs. In addition it includes interest accrued on the transactions in (e) above.

(g) Primarily represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(h) Primarily represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Successor		Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue (reduction) (a)	$ (1,383)	$ (259)	$ 207	$ (2,350)
Automotive cost of sales and other automotive expenses (b)	$ 36	$ 113	$ 180	$ 688
Interest income and other non-operating income, net (c)	$ 228	$ 127	$ 166	$ 192
Automotive interest expense (d)	$ 243	$ 121	$ 100	$ 221
Servicing expense (e)	$ 2	$ 22	$ 16	$ 144
Derivative losses (f)	$ —	$ 1	$ 2	$ 4

(a) Primarily represents the increase (reduction) in Total net sales and revenue for marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual support accrued under residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third party resale purposes.

(b) Primarily represents cost of sales on the sale of vehicles to Ally Financial for employee and governmental lease programs and third party resale purposes. Also includes miscellaneous expenses on services performed by Ally Financial.

(c) Represents income on investments in Ally Financial preferred stock and Preferred Membership Interests, exclusivity and royalty fee income and reimbursements by Ally Financial for certain services provided to Ally Financial. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on term loans, notes payable and wholesale settlements.

(e) Represents servicing fees paid to Ally Financial on certain automotive retail leases.

(f) Represents amounts recorded in connection with a derivative transaction entered into with Ally Financial as the counterparty.

Note 33. Transactions with MLC

Automotive

In connection with the 363 Sale, we and MLC entered into a Transition Services Agreement (TSA), pursuant to which, among other things, we provided MLC with certain transition services and support functions in connection with their operation and ultimate liquidation in bankruptcy. MLC is required to pay the applicable usage fees specified with respect to various types of services under the TSA. Types of services provided under the TSA included: (1) property management; (2) assistance in idling certain facilities; (3) provisions of access rights and storage of personal property at certain facilities; (4) security; (5) administrative services including accounting, treasury and tax; (6) purchasing; (7) information systems and services support; (8) communication services to the public; and (9) splinter union services including payroll and benefits administration. Services MLC provides to us under the TSA include: (1) provisions of access rights and storage of personal property at certain facilities; (2) assistance in obtaining certain permits and consents to permit us to own and operate purchased assets in connection with the 363 Sale; (3) allowing us to manage and exercise our rights under the TSA; and (4) use of certain real estate and equipment while we are in negotiation to assume or renegotiate certain leases or enter into agreements to purchase certain lease-related assets. At December 31, 2010 we are not obligated to provide any services under the TSA.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On October 1, 2010 we completed the acquisition of the Strasbourg transmission business from MLC. The purchase price was one Euro. Refer to Note 5 for additional information on the acquisition of GMS.

Statement of Operations

The following table summarizes the income statements effect of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Automotive cost of sales (a)	$ (19)	$ (8)
Interest income and other non-operating income, net	$ —	$ 1

(a) Primarily related to royalty income partially offset by reimbursements for engineering expenses incurred by MLC.

Balance Sheet

The following table summarizes the balance sheets effect of transactions with MLC (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Accounts and notes receivable, net (a)	$ —	$ 16
Other assets	$ —	$ 1
Accounts payable (a)	$ 1	$ 59
Accrued liabilities	$ —	$ (1)

(a) Primarily related to the purchase and sale of component parts.

Cash Flow

The following table summarizes the cash flow effects of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Operating — Automotive (a)	$ (148)	$ (88)
Financing — Automotive (b)	$ 5	$ 25

(a) Primarily includes payments to MLC related to the purchase and the sale of component parts.

(b) Payments received from a facility in Strasbourg, France that MLC retained and we subsequently acquired in October 2010.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 34. Supplementary Quarterly Financial Information (Unaudited)

Consolidated

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Total net sales and revenue	$ 31,476	$ 33,174	$ 34,060	$ 36,882
Automotive gross margin	$ 3,885	$ 4,415	$ 4,592	$ 3,627
Net income	$ 1,196	$ 1,612	$ 2,223	$ 1,472
Net income attributable to common stockholders	$ 865	$ 1,334	$ 1,959	$ 510
Net income attributable to common stockholders, per share, basic	$ 0.58	$ 0.89	$ 1.31	$ 0.34
Net income attributable to common stockholders, per share, diluted	$ 0.55	$ 0.85	$ 1.20	$ 0.31

	Successor		Predecessor		
	July 10, 2009 Through September 30, 2009	4th Quarter	1st Quarter	2nd Quarter	July 1, 2009 Through July 9, 2009
2009					
Total net sales and revenue	$ 25,147	$ 32,327	$ 22,431	$ 23,047	$ 1,637
Automotive gross margin (loss)	$ 1,593	$ (500)	$ (2,180)	$ (6,337)	$ (182)
Net income (loss)	$ (571)	$ (3,215)	$ (5,899)	$ (13,237)	$128,139
Net income (loss) attributable to common stockholders	$ (908)	$ (3,520)	$ (5,975)	$ (12,905)	$127,998
Net income (loss) attributable to common stockholders, per share, basic	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.49
Net income (loss) attributable to common stockholders, per share, diluted	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.38

GM

Results for the three months ended December 31, 2010 included:

- A charge of $677 million related to our purchase of 84 million shares of Series A Preferred Stock from the UST.
- A reversal of our $231 million liability for contingently issuable Adjustment Shares based on a revised assessment of the estimate of allowed general unsecured claims against MLC.
- A gain of $198 million related to our repayment of the VEBA Notes of $2.8 billion.
- Restructuring reserve decrease of $183 million in GMNA primarily related to capacity actions and revisions to productivity initiatives.
- Restructuring charges and interest accretion and other of $154 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.
- Income before income taxes and equity income and net income of $129 million and $90 million related to the October 1, 2010 acquisition of GM Financial including net income of $10 million related to amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Results for the three months ended September 30, 2010 included:

- Restructuring charges and interest accretion and other of $153 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.
- Impairment charges of $140 million related to product-specific tooling assets in GMNA.

Results for the three months ended June 30, 2010 included:

- Restructuring charges and interest accretion and other of $235 million in GME primarily related to separation programs announced in Belgium, the United Kingdom and Germany.
- Charge of $200 million relating to a recall campaign on windshield fluid heaters.

Results for the three months ended March 31, 2010 included:

- Restructuring charges and interest accretion and other of $305 million in GME primarily related to separation programs announced in Belgium and Spain. These charges were partially offset by a favorable adjustment of $104 million related to GMNA restructuring reserves due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites.

Results for the three months ended December 31, 2009 included:

- Impairment charges of $270 million related to our investment in Ally Financial common stock.
- Settlement loss of $2.6 billion related to the 2009 UAW Settlement Agreement.

Results for the period July 10, 2009 through September 30, 2009 included:

- Charges of $195 million related to dealer wind-down agreements.

Old GM

Results for the period July 1, 2009 through July 9, 2009 included:

- Accelerated debt discount amortization of $600 million on the DIP Facility.
- Reorganization gains, net of $129.3 billion. Refer to Note 2 for additional information on these gains.
- Charges of $398 million related to dealer wind-down agreements.

Results for the three months ended June 30, 2009 included:

- Gain of $2.5 billion on the disposition of Ally Financial Common Membership Interests partially offset by a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion.

Table of Contents

- Accelerated debt discount amortization of $1.6 billion on the DIP Facility.
- Charges of $1.9 billion related to U.S. salaried and hourly headcount reduction programs.
- Restructuring charges of $1.1 billion related to SUB and TSP.
- Reorganization costs of $1.1 billion, primarily related to loss on extinguishment of debt of $958 million.
- Impairment charges of $239 million related to product-specific tooling assets.

Results for the three months ended March 31, 2009 included:

- Old GM amended the terms of its U.S. term loan and recorded a gain of $906 million on the extinguishment of the original loan facility.
- Upon Saab's filing for reorganization, Old GM recorded charges of $618 million related to its net investment in, and advances to, Saab and other commitments and obligations.
- Impairment charges of $327 million related to product-specific tooling assets and cancelled powertrain programs.

Note 35. Segment Reporting

Consolidated

We design, build and sell cars, trucks and parts worldwide. We also conduct our automotive finance operations through GM Financial. We manage our operations through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy (CAFE) regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes and evaluates GM Financial through Income (loss) before income taxes.

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2010 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Daewoo, SGM, SGMW, FAW-GM and HKJV. In January 2011 GM Daewoo announced it will be changing its name to GM Korea and will sell most of its cars under the Chevrolet brand. These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate and Corporate assets, liabilities and results of operations are a component of Total Automotive in our consolidated financial statements. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

All intersegment balances and transactions have been eliminated in consolidation.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize key financial information by segment (dollars in millions):

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial (a)	Eliminations	Total
At and For the Year Ended December 31, 2010										
Sales										
External customers	$79,514	$22,868	$17,730	$15,030	$ —	$ —	$ 135,142	$ —	$ —	$135,142
Financing operations										
Revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	3,740	314	—	(8,783)	—	—	—	—
Other revenue	—	—	—	35	134	—	169	—	—	169
Total net sales and revenue	$83,035	$24,076	$21,470	$15,379	$ 134	$ (8,783)	$ 135,311	$ 281	$ —	$135,592
Income (loss) before interest and income taxes	$ 5,748	$ (1,764)	$ 2,262	$ 818	$ 389	$ (105)	$ 7,348	$ 166	$ —	$ 7,514
Corporate interest income					465			—	—	465
Interest expense					1,098			37	—	1,135
Income (loss) before income taxes					(244)			129	$ —	6,844
Income tax expense					633			39		672
Net income (loss) attributable to stockholders					$ (877)			$ 90		$ 6,172
Equity in net assets of nonconsolidated affiliates	$ 2,094	$ 8	$ 6,427	$ —	$ —	$ —	$ 8,529	$ —	$ —	$ 8,529
Total assets	$76,285	$18,375	$19,655	$12,964	$ 35,141	$ (34,418)	$ 128,002	$ 10,940	$ (44)	$138,898
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$ —	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$ —	$ 6,930
Equity income (loss), net of tax	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$ —	$ 1,438
Significant noncash charges (gains)										
Net contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$ —	$ (162)
Gain on acquisition of GMS	—	(66)	—	—	—	—	(66)	—	—	(66)
Reversal of valuation allowances against deferred tax assets (b)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to product-specific tooling assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
Total significant noncash charges (gains)	$ 234	$ (17)	$ 6	$ —	$ (225)	$ —	$ (2)	$ —	$ —	$ (2)

(a) The financial information presented for our GM Financial segment includes adjustments made to decrease Income tax expense and increase Net income (loss) attributable to stockholders by $10 million and increase Total assets by $22 million to record the effect of changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

(b) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
At and For the Period July 10, 2009 Through December 31, 2009							
Sales							
External customers	$31,454	$11,340	$ 7,221	$ 7,314	$ —	$ —	$ 57,329
Intersegment	972	139	1,346	81	—	(2,538)	—
Other revenue	—	—	—	4	141	—	145
Total net sales and revenue	$32,426	$11,479	$ 8,567	$ 7,399	$ 141	$ (2,538)	$ 57,474
Income (loss) before interest and income taxes	$ (4,820)	$ (814)	$ 789	$ 417	$ (314)	$ (45)	$ (4,787)
Interest income					184		184
Interest expense					694		694
Income tax expense (benefit)					(1,000)		(1,000)
Net income (loss) attributable to stockholders					$ 176		$ (4,297)
Equity in net assets of nonconsolidated affiliates	$ 1,928	$ 180	$ 5,798	$ 3	$ 27	$ —	$ 7,936
Total assets	$78,719	$18,824	$17,530	$11,295	$36,475	$ (26,548)	$136,295
Expenditures for property	$ 911	$ 547	$ 272	$ 131	$ 1	$ —	$ 1,862
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 2,732	$ 938	$ 237	$ 224	$ 110	$ —	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 8	$ 495	$ 1	$ —	$ —	$ 497
Significant noncash charges (gains)							
Contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ 162	$ —	$ 162
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(63)	—	(63)
Impairment charges related to investment in Ally Financial common stock	—	—	—	—	270	—	270
UAW OPEB healthcare settlement	2,571	—	—	—	—	—	2,571
Total significant noncash charges	$ 2,571	$ —	$ —	$ —	$ 369	$ —	$ 2,940

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period January 1, 2009 Through July 9, 2009							
Sales							
External customers	$ 23,490	$12,419	$5,194	$5,684	$ —	$ —	$ 46,787
Intersegment	701	133	1,024	51	—	(1,909)	—
Other revenue	—	—	—	1	327	—	328
Total net sales and revenue	$ 24,191	$12,552	$6,218	$5,736	$ 327	$ (1,909)	$ 47,115
Income (loss) before interest and income taxes	$(11,092)	$ (2,815)	$ (486)	$ (454)	$ 127,981	$ 63	$ 113,197
Interest income					183		183
Interest expense					5,428		5,428
Income tax expense (benefit)					(1,166)		(1,166)
Net income attributable to stockholders					$ 123,902		$ 109,118
Expenditures for property	$ 2,282	$ 795	$ 279	$ 137	$ 24	$ —	$ 3,517
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,759	$ 1,492	$ 386	$ 94	$ 142	$ —	$ 6,873
Equity in income of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ 1,380	$ —	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 3	$ 334	$ —	$ 1	$ —	$ 61
Significant noncash charges (gains)							
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ —	$ (906)
Loss on extinguishment of UST Ally Financial Loan	—	—	—	—	1,994	—	1,994
Gain on conversion of UST Ally Financial Loan	—	—	—	—	(2,477)	—	(2,477)
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(751)	—	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	—	63
Impairment charges related to long-lived assets	320	237	7	2	—	—	566
Reorganization gains, net (b)	—	—	—	—	(128,563)	—	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 7	$ 2	$(130,687)	$ —	$(130,074)

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

(b) Refer to Note 2 for additional information on Reorganization gains, net.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Year Ended December 31, 2008							
Sales							
External customers	$ 82,938	$32,440	$18,181	$14,173	$ —	$ —	$147,732
Intersegment	3,249	2,207	5,869	308	—	(11,633)	—
Other revenue	—	—	—	41	1,206	—	1,247
Total net sales and revenue	$ 86,187	$34,647	$24,050	$14,522	$ 1,206	$ (11,633)	$148,979
Income (loss) before interest and income taxes	$(12,203)	$ (2,625)	$ (555)	$ 1,076	$(13,041)	$ 41	$ (27,307)
Interest income					655		655
Interest expense					2,525		2,525
Income tax expense					1,766		1,766
Net income (loss) attributable to stockholders					$(16,677)		$ (30,943)
Expenditures for property	$ 4,242	$ 1,345	$ 1,063	$ 343	$ 537	$ —	$ 7,530
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 5,910	$ 2,353	$ 700	$ 243	$ 808	$ —	$ 10,014
Equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ (6,183)	$ —	$ (6,183)
Equity income (loss), net of tax	$ (201)	$ 31	$ 354	$ —	$ 2	$ —	$ 186
Significant noncash charges (gains)							
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ —	$ 7,099	$ —	$ 7,099
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	—	1,001	—	1,001
Impairment charges related to equipment on operating leases	380	222	—	—	157	—	759
Impairment charges related to investments in NUMMI and CAMI	119	—	—	—	—	—	119
Other than temporary impairment charges related to debt and equity securities	47	—	—	—	15	—	62
Impairment charges related to goodwill	154	456	—	—	—	—	610
Impairment charges related to long-lived assets	411	497	94	8	—	—	1,010
Net curtailment gain related to finalization of Settlement Agreement	(4,901)	—	—	—	—	—	(4,901)
Salaried post-65 healthcare settlement	1,704	—	—	—	—	—	1,704
CAW settlement	340	—	—	—	—	—	340
Valuation allowances against deferred tax assets (a)	—	—	—	—	1,450	—	1,450
Total significant noncash charges (gains)	$ (1,746)	$ 1,175	$ 94	$ 8	$ 9,722	$ —	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$ 72,736	$10,351	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Canada and Mexico	10,195	2,773	4,682	3,031	3,486	5,943	12,983	5,898
GM Financial								
U.S.	279	46	—	—	—	—	—	—
Canada	2	1	—	—	—	—	—	—
Europe								
France	1,820	63	923	17	1,024	67	2,629	264
Germany	5,004	1,852	2,851	2,299	3,817	3,670	6,663	4,013
Italy	2,509	176	1,119	192	1,221	169	3,169	183
Spain	1,398	665	862	778	609	1,206	1,711	1,230
United Kingdom	5,253	761	2,531	815	2,749	1,189	7,142	1,066
Other European Countries	6,905	764	3,046	839	3,024	1,821	11,195	2,402
Asia								
Korea	7,301	1,519	3,014	982	2,044	1,941	7,131	2,115
Thailand	561	341	166	151	103	383	560	395
Other Asian Countries	482	74	575	47	435	347	1,098	309
South America								
Argentina	1,215	183	436	195	363	131	1,147	120
Brazil	9,513	1,425	4,910	1,142	3,347	1,081	8,329	890
Venezuela	1,130	47	850	46	981	43	2,107	43
Other South American Countries	3,220	166	1,136	157	984	102	2,653	72
All Other Geographic Locations	6,069	643	2,366	481	1,776	1,158	5,080	1,144
Total consolidated	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$ 73,015	$10,397	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Non-U.S.	62,577	11,453	29,467	11,172	25,963	19,251	73,597	20,144
Total U.S. and non-U.S.	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Note 36. Supplemental Information for Consolidated Statements of Cash Flows

Consolidated

The following table summarizes the sources (uses) of cash provided by changes in other operating assets and liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Accounts receivable	$ (641)	$ 660	$ (268)	$ 1,315
Prepaid expenses and other deferred charges	299	315	1,416	(287)
Inventories	(2,229)	(315)	3,509	77
Accounts payable	2,259	5,363	(8,846)	(4,556)
Income taxes payable	51	401	606	1,044
Accrued liabilities and other liabilities	(92)	(3,225)	(6,815)	1,607
Fleet rental — acquisitions	(3,625)	(1,198)	(961)	(4,157)
Fleet rental — liquidations	2,997	1,371	1,130	5,051
Total	$ (981)	$ 3,372	$(10,229)	$ 94
Cash paid for interest — Automotive	$ 1,001	$ 618	$ 2,513	$ 2,484
Cash paid for interest — GM Financial	66			
Total cash paid for interest	$ 1,067			

* * * * * * *

Table of Contents

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

* * * * * * *

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and our Vice Chairman and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2010. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2010.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2010, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2010.

Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2010. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Remediation and Changes in Internal Controls

In our 2009 Annual Report on Form 10-K, we identified a material weakness because we did not maintain effective controls over the period-end financial reporting process. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In 2009, significant activities were performed in remediating the material weakness. However, we were not able to sufficiently test the operating effectiveness of certain remediated internal controls given the limited time that controls were in operation. During 2010, management led various initiatives to further enhance our controls over period-end financial reporting, including training and

Table of Contents

enhanced procedures related to the preparation of the statement of cash flows, to help ensure controls over the period-end financial reporting process would operate as they had been designed and deployed during the 2009 material weakness remediation efforts. Based upon the actions taken and our testing and evaluation of the effectiveness of our internal controls, we have concluded the material weakness related to controls over the period-end financial reporting process no longer existed as of December 31, 2010.

Other than as previously discussed, there have not been any other changes in our internal control over financial reporting in the three months ended December 31, 2010, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON	/s/ CHRISTOPHER P. LIDDELL
Daniel F. Akerson Chairman and Chief Executive Officer	Christopher P. Liddell Vice Chairman and Chief Financial Officer
March 1, 2011	March 1, 2011

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

* * * * * * *

Item 9B. Other Information

None

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART III

Item 10. Directors, Executive Officers and Corporate Governance

We have adopted a code of ethics that applies to the Corporation's directors, officers, and employees, including the Chief Executive Officer, Chief Financial Officer, Controller and Chief Accounting Officer and any other persons performing similar functions. The text of our code of ethics, "Winning With Integrity," has been posted on our website at http://investor.gm.com at Investors — Corporate Governance." We will provide a copy of the code of ethics without charge upon request to Corporate Secretary, General Motors Company, Mail Code 482-C25-A36, 300 Renaissance Center, P.O. Box 300, Detroit, MI 48265-3000.

* * * * * * *

Items 10, 11, 12, 13, and 14

Information required by Part III (Items 10, 11, 12, 13, and 14) of this Form 10-K is incorporated by reference from our definitive Proxy Statement for our 2011 Annual Meeting of Stockholders, which will be filed with the Securities and Exchange Commission, pursuant to Regulation 14A, not later than 120 days after the end of the 2010 fiscal year, all of which information is hereby incorporated by reference in, and made part of, this Form 10-K, except the information required by Item 10 with respect to our code of ethics in Item 10 above and disclosure of our executive officers, which is included in Item 1 of Part I of this report.

* * * * * * *

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

PART IV

ITEM 15. Exhibits and Financial Statement Schedule

(a) 1. All Financial Statements and Supplemental Information

2. Financial Statement Schedule II — Valuation and Qualifying Accounts

3. Exhibits

(b) Exhibits

Exhibit Number	Exhibit Name	
3.1	Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
3.2	Bylaws of General Motors Company, dated December 7, 2010, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
4.2	Certificate of Designations of 4.75% Series B Mandatory Convertible Junior Preferred Stock of General Motors Company	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.3	Letter Agreement regarding the Second Amended and Restated Secured Credit Agreement among General Motors Holdings LLC, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated September 22, 2010, incorporated by reference to Exhibit 10.41 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 23, 2010	Incorporated by Reference
10.4†	Credit Agreement, dated as of October 27, 2010, among the General Motors Holdings LLC, the lenders party thereto, Citibank, N.A., as administrative agent, and Bank of America, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.3 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (fka General Motors Holding Company), General Motors LLC (fka General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Equity Registration Rights Agreement, dated as of October 15, 2009, between General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, Motors Liquidation Company, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed October 21, 2009	Incorporated by Reference
10.11	Letter Agreement regarding Equity Registration Rights Agreement, dated October 21, 2010, among General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation, the UAW Retiree Medical Benefits Trust and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.43 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.12	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.13	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.14	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated herein by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.15	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW, incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.16	Form of Compensation Statement, incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.17	Summary of Employment Arrangement between General Motors Company and Daniel F. Akerson, incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.18	Employment Agreement for Christopher P. Liddell, incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of General Motors Company filed May 17, 2010	Incorporated by Reference
10.19	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010	Incorporated by Reference
10.20	Summary of Employment Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed March 5, 2010	Incorporated by Reference
10.21	Summary of Employment Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed February 19, 2010	Incorporated by Reference
10.22	Summary of Fee Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.23	General Motors Executive Retirement Plan, as amended August 2, 2010, incorporated by reference to Exhibit 10.20 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.24	General Motors Company 2009 Long-Term Incentive Plan, as amended December 22, 2010	Filed Herewith
10.25	General Motors Company Salary Stock Plan, as amended October 5, 2010, incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.26	General Motors Company Short Term Incentive Plan, incorporated by reference to Exhibit 10.17 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.27	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.28	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.29	Form of Restricted Stock Unit Grant made to certain executive officers, incorporated herein by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.30	Form of General Motors Company 2010 Equity Grant Award Agreement	Filed Herewith
10.31	Form of General Motors Company March 15, 2010 Restricted Stock Unit Grant Agreement, as amended December 31, 2010	Filed Herewith
10.32	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.33†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.34†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.35	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.36	United States Consumer Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2006	Incorporated by Reference
10.37	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original ($10 after stock split) exercise price and a July 10, 2016 expiration date, incorporated herein by reference to Exhibit 10.29 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.38	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original ($18.33 after stock split) exercise price and a July 10, 2019 expiration date, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.39	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original ($42.31 after stock split) exercise price and a December 31, 2015 expiration date, incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.40	Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 2, 2009	Incorporated by Reference
10.41	First Amendment to Amended and Restated Master Sale and Purchase Agreement, dated June 30, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference
10.42	Second Amendment to Amended and Restated Master Sale and Purchase Agreement, dated July 5, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference
10.43	Letter Agreement regarding Series A Purchase, dated October 27, 2010, between General Motors Company and the United States Department of the Treasury, incorporated herein by reference to Item 10.42 to Amendment No. 4 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 28, 2010	Incorporated by Reference
10.44	Registration Rights Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
10.45	Stockholders Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Year Ended December 31, 2010, the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007 and 2006	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2010	Filed Herewith
24	Power of Attorney for Directors of General Motors Company	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
99.1	Consolidated Financial Statements of Ally Financial Inc. (fka GMAC Inc.) and subsidiaries at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010	Filed Herewith
99.2	Principal Executive Officer and Principal Financial Officer Executive Privileges and Compensation Certificate	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

EXHIBIT INDEX

Exhibit Number	Exhibit Name	
3.1	Restated Certificate of Incorporation of General Motors Company dated December 7, 2010, incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
3.2	Bylaws of General Motors Company, dated December 7, 2010, incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K of General Motors Company filed December 13, 2010	Incorporated by Reference
4.1	Certificate of Designations of Series A Fixed Rate Cumulative Perpetual Preferred Stock of General Motors Company, incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
4.2	Certificate of Designations of 4.75% Series B Mandatory Convertible Junior Preferred Stock of General Motors Company	Incorporated by Reference
10.1†	Second Amended and Restated Secured Credit Agreement among General Motors Company, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated August 12, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.2†	Assignment and Assumption Agreement and Third Amendment to Second Amended and Restated Secured Credit Agreement among General Motors LLC, General Motors Holdings LLC, General Motors Company and the United States Department of the Treasury, as Lender, dated as of October 19, 2009, incorporated herein by reference to Exhibit 10.3 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.3	Letter Agreement regarding the Second Amended and Restated Secured Credit Agreement among General Motors Holdings LLC, as Borrower, the Guarantors, and the United States Department of the Treasury, as Lender, dated September 22, 2010, incorporated by reference to Exhibit 10.41 to Amendment No. 1 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 23, 2010	Incorporated by Reference
10.4†	Credit Agreement, dated as of October 27, 2010, among the General Motors Holdings LLC, the lenders party thereto, Citibank, N.A., as administrative agent, and Bank of America, N.A., as syndication agent, incorporated herein by reference to Exhibit 10.3 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.5†	Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated July 10, 2009, incorporated herein by reference to Exhibit 10.5 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.6	Amendment to Second Amended and Restated Loan Agreement by and among General Motors of Canada Limited, as Borrower, and the other loan parties and Export Development Canada, as Lender, dated October 15, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed October 23, 2009	Incorporated by Reference
10.7	Settlement Agreement dated as of September 10, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of General Motors Company filed September 17, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.8	Agreement, dated as of October 15, 2009 between General Motors Company (fka General Motors Holding Company), General Motors LLC (fka General Motors Company) and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.7 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.9	Stockholders Agreement, dated as of October 15, 2009 between General Motors Company, the United States Department of the Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.8 to the Current Report on Form 8-K of General Motors Company filed November 16, 2009	Incorporated by Reference
10.10	Equity Registration Rights Agreement, dated as of October 15, 2009, between General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation (fka 7176384 Canada Inc.), the UAW Retiree Medical Benefits Trust, Motors Liquidation Company, and, for limited purposes, General Motors LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed October 21, 2009	Incorporated by Reference
10.11	Letter Agreement regarding Equity Registration Rights Agreement, dated October 21, 2010, among General Motors Company, the United States Department of Treasury, Canada GEN Investment Corporation, the UAW Retiree Medical Benefits Trust and Motors Liquidation Company, incorporated herein by reference to Exhibit 10.43 to Amendment No. 5 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed November 3, 2010	Incorporated by Reference
10.12	Master Disposition Agreement among Delphi Corporation, GM Components Holdings, LLC, General Motors Company, Motors Liquidation Company (fka General Motors Corporation), DIP Holdco 3, LLC, and the other sellers and other buyers party thereto dated July 26, 2009, incorporated herein by reference to Exhibit 10.9 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.13	Investment Commitment Agreement by and among Silver Point Capital Fund, LP, Silver Point Capital Offshore Fund, Ltd., Elliott Associates, LP, DIP Holdco 3, LLC, and General Motors Company dated July 26, 2009, incorporated herein by reference to Exhibit 10.10 to the Current Report on Form 8-K of General Motors Company filed August 7, 2009	Incorporated by Reference
10.14	Amended and Restated Global Settlement Agreement Between Delphi Corporation and General Motors Corporation, Dated September 12, 2008, incorporated herein by reference to Exhibit 10(b) to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed November 10, 2008	Incorporated by Reference
10.15	UAW Retiree Settlement Agreement, dated July 10, 2009, between General Motors Company and the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (the UAW), with the UAW also entering into the agreement as the authorized representative of certain persons receiving retiree benefits pursuant to collectively bargained plans, programs and/or agreement between General Motors Company and the UAW, incorporated herein by reference to Exhibit 10.12 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.16	Form of Compensation Statement, incorporated herein by reference to Exhibit 10.14 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.17	Summary of Employment Arrangement between General Motors Company and Daniel F. Akerson, incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.18	Employment Agreement for Christopher P. Liddell, incorporated herein by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of General Motors Company filed May 17, 2010	Incorporated by Reference
10.19	Summary of Consulting Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed January 15, 2010	Incorporated by Reference
10.20	Summary of Employment Arrangement between General Motors Company and Stephen J. Girsky, incorporated herein by reference to Item 1.01 of the Current Report on Form 8-K of General Motors Company filed March 5, 2010	Incorporated by Reference
10.21	Summary of Employment Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed February 19, 2010	Incorporated by Reference
10.22	Summary of Fee Arrangement between General Motors Company and Edward E. Whitacre, Jr., incorporated herein by reference to Item 5.02 of the Current Report on Form 8-K of General Motors Company filed September 10, 2010	Incorporated by Reference
10.23	General Motors Executive Retirement Plan, as amended August 2, 2010, incorporated by reference to Exhibit 10.20 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.24	General Motors Company 2009 Long-Term Incentive Plan, as amended December 22, 2010	Filed Herewith
10.25	General Motors Company Salary Stock Plan, as amended October 5, 2010, incorporated by reference to Exhibit 10.22 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.26	General Motors Company Short Term Incentive Plan, incorporated by reference to Exhibit 10.17 to Amendment No. 2 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed October 14, 2010	Incorporated by Reference
10.27	Form of Restricted Stock Unit Grant made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.20 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.28	Form of Restricted Stock Unit Grant (Cash Settlement) made to top 25 highly compensated employees under General Motors Company 2009 Long-Term Incentive Plan, as Amended March 1, 2010, incorporated herein by reference to Exhibit 10.21 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.29	Form of Restricted Stock Unit Grant made to certain executive officers, incorporated herein by reference to Exhibit 10.a to the Quarterly Report on Form 10-Q of Motors Liquidation Company filed May 8, 2008	Incorporated by Reference
10.30	Form of General Motors Company 2010 Equity Grant Award Agreement	Filed Herewith
10.31	Form of General Motors Company March 15, 2010 Restricted Stock Unit Grant Agreement, as amended December 31, 2010	Filed Herewith

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.32	General Motors Company Vehicle Operations — Senior Management Vehicle Program (SMVP) Supplement, revised December 15, 2005, incorporated herein by reference to Exhibit 10(g) to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.33†	Amended and Restated United States Consumer Financing Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.34†	Amended and Restated Master Services Agreement between GMAC LLC and General Motors Corporation dated May 22, 2009, incorporated herein by reference to Exhibit 10.2 to the Current Report on Form 8-K/A of General Motors Company filed November 16, 2010	Incorporated by Reference
10.35	Agreement, dated as of October 22, 2001, between General Motors Corporation and General Motors Acceptance Corporation, incorporated herein by reference to Exhibit 10 to the Annual Report on Form 10-K of Motors Liquidation Company filed March 28, 2006	Incorporated by Reference
10.36	United States Consumer Agreement, dated as of November 30, 2006, between General Motors Corporation and GMAC LLC, incorporated herein by reference to Exhibit 10.1 to the Current Report on Form 8-K of Motors Liquidation Company filed November 30, 2006	Incorporated by Reference
10.37	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $30 original ($10 after stock split) exercise price and a July 10, 2016 expiration date, incorporated herein by reference to Exhibit 10.29 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.38	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $55 original ($18.33 after stock split) exercise price and a July 10, 2019 expiration date, incorporated herein by reference to Exhibit 10.30 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.39	Amended and Restated Warrant Agreement, dated as of October 16, 2009, between General Motors Company and U.S. Bank National Association, including Form of Warrant Certificate attached as Exhibit D thereto, relating to warrants with a $126.92 original ($42.31 after stock split) exercise price and a December 31, 2015 expiration date, incorporated herein by reference to Exhibit 10.31 to the Annual Report on Form 10-K of General Motors Company filed April 7, 2010	Incorporated by Reference
10.40	Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 2, 2009	Incorporated by Reference
10.41	First Amendment to Amended and Restated Master Sale and Purchase Agreement, dated June 30, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference

Table of Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Exhibit Number	Exhibit Name	
10.42	Second Amendment to Amended and Restated Master Sale and Purchase Agreement, dated July 5, 2009, between General Motors Corporation, Saturn LLC, Saturn Distribution Corporation, Chevrolet-Saturn of Harlem, Inc., and General Motors Company (fka NGMCO, Inc.), incorporated herein by reference to Exhibit 2.2 to the Current Report on Form 8-K of Motors Liquidation Company filed July 8, 2009	Incorporated by Reference
10.43	Letter Agreement regarding Series A Purchase, dated October 27, 2010, between General Motors Company and the United States Department of the Treasury, incorporated herein by reference to Item 10.42 to Amendment No. 4 to the Registration Statement on Form S-1 (File No. 333-168919) of General Motors Company filed September 28, 2010	Incorporated by Reference
10.44	Registration Rights Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
10.45	Stockholders Agreement, dated as of January 13, 2011, by and among General Motors Company, Evercore Trust Company, N.A., as trustee of the General Motors Special Hourly-Rate Employees Pension Trust, and Evercore Trust Company, N.A., as trustee of the General Motors Special Salaried Employees Pension Trust	Filed Herewith
12	Computation of Ratios of Earnings to Fixed Charges for the Year Ended December 31, 2010, the Periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009 and for the Years Ended December 31, 2008, 2007 and 2006	Filed Herewith
21	Subsidiaries of the Registrant as of December 31, 2010	Filed Herewith
24	Power of Attorney for Directors of General Motors Company	Filed Herewith
31.1	Section 302 Certification of the Chief Executive Officer	Filed Herewith
31.2	Section 302 Certification of the Chief Financial Officer	Filed Herewith
32.1	Certification of the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
32.2	Certification of the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed Herewith
99.1	Consolidated Financial Statements of Ally Financial Inc. (fka GMAC Inc.) and subsidiaries at December 31, 2010 and 2009 and for each of the three years in the period ended December 31, 2010	Filed Herewith
99.2	Principal Executive Officer and Principal Financial Officer Executive Privileges and Compensation Certificate	Filed Herewith

† Certain confidential portions have been omitted pursuant to a request for confidential treatment, which has been separately filed with the Securities and Exchange Commission.

* * * * * * *

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

GENERAL MOTORS COMPANY
(Registrant)

Date: March 1, 2011

By: /s/ DANIEL F. AKERSON
Daniel F. Akerson
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below on this 1st day of March 2011 by the following persons on behalf of the Registrant and in the capacities indicated, including a majority of the directors.

Signature	Title
/s/ DANIEL F. AKERSON (Daniel F. Akerson)	Chairman and Chief Executive Officer
/s/ CHRISTOPHER P. LIDDELL (Christopher P. Liddell)	Vice Chairman and Chief Financial Officer
/s/ NICK S. CYPRUS (Nick S. Cyprus)	Vice President, Controller and Chief Accounting Officer
/s/ DAVID BONDERMAN (David Bonderman)	Director
/s/ ERROLL B. DAVIS, JR. (Erroll B. Davis, Jr.)	Director
/s/ STEPHEN J. GIRSKY (Stephen J. Girsky)	Director
/s/ E. NEVILLE ISDELL (E. Neville Isdell)	Director
/s/ ROBERT D. KREBS (Robert D. Krebs)	Director
/s/ PHILIP A. LASKAWY (Philip A. Laskawy)	Director
/s/ KATHRYN V. MARINELLO (Kathryn V. Marinello)	Director
/s/ PATRICIA F. RUSSO (Patricia F. Russo)	Director
/s/ CAROL M. STEPHENSON (Carol M. Stephenson)	Director
/s/ DR. CYNTHIA A. TELLES (Dr. Cynthia A. Telles)	Director

Table of Contents

CONFIDENTIAL
GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the year ended December 31, 2010						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 250	93	—	91	—	$ 252
Other investments and miscellaneous assets (receivables and other)	$ 7	—	14	14	—	$ 7
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$ 250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —
For the Year Ended December 31, 2008						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ 338	157	—	73	—	$ 422
Other investments and miscellaneous assets (receivables and other)	$ 14	—	29	—	—	$ 43

EXHIBIT 15

This is the New GM.

General Motors Company
2010 Annual Report

ABOUT THE COVER:
Featured on the cover is the Chevrolet Volt, the 2011 North American Car of the Year and *Motor Trend* Car of the Year.






We are Building
a New General Motors.

We have a new vision and business model to bring it to life, supported by a healthy balance sheet. We have a new team, focused on delivering results. We have the number-one market share in the world's highest-growth markets. We have the breakthrough new technology of the Volt as evidence of what we can do.

And we're just getting started.

Dear Fellow Stakeholders:

DANIEL F. AKERSON
Chairman & Chief Executive Officer

On November 18, 2010, the General Motors team, along with our United Auto Workers partners, experienced something special as we stood together on the balcony of the storied New York Stock Exchange. As we rang the opening bell to the unmistakable sound of a Chevy Camaro engine at full throttle, we knew we were doing much more than just starting a new trading day. We were revving up Wall Street, and setting the pace for our company—the new General Motors.

We truly are building a new GM, from the inside out. Our vision is clear: to design, build and sell the world's best vehicles, and we have a new business model to bring that vision to life. We have a lower cost structure, a stronger balance sheet and a dramatically lower risk profile. We have a new leadership team—a strong mix of executive talent from outside the industry and automotive veterans—and a passionate, rejuvenated workforce.

Entering the public equity market capped a year of historic change. And yet, at that moment on the NYSE balcony, for us and for our employees around the world, it was crystal clear—our work was just beginning.

A STRONG FOUNDATION

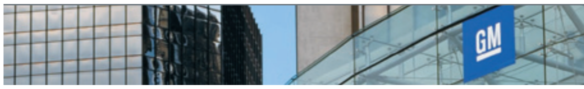
GM made important operational and financial progress in 2010, and set a strong foundation to build upon for the future.

GM, with its joint venture partners, maintained its leading market position in the key growth markets of Brazil, Russia, India and China (the BRIC countries) during the year, with a particularly strong performance in China, where GM and our partners delivered 2.4 million cars and trucks. Meanwhile, we continued the aggressive implementation of our restructuring plan in Europe to position our business to operate at a lower break-even level.

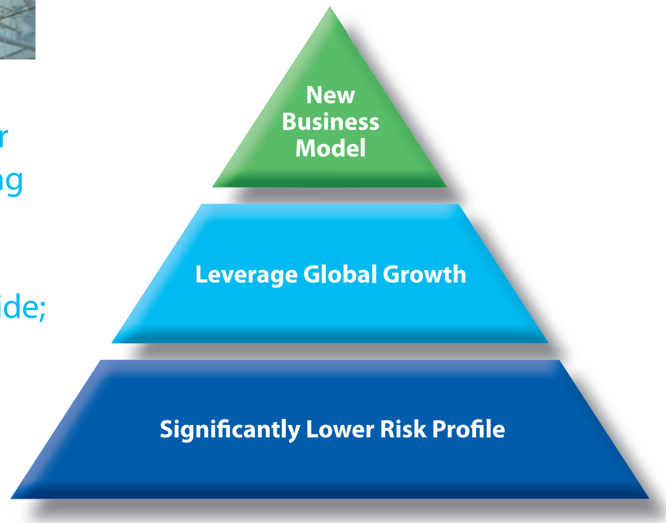
> "Our plan is to steadily invest in creating world-class vehicles, which will continuously drive our cycle of great design, high quality and higher profitability."

In the United States, GM saw robust sales across all of our brands—Cadillac, Chevrolet, Buick and GMC—thanks to an exciting lineup of vehicles that have captured the imagination of customers and critics alike, epitomized by the launch of the Chevrolet Volt—the groundbreaking extended-range electric vehicle. GM vehicles won numerous awards throughout the year, led by the Volt, which ran the table with the North American Car of the Year, *Automobile Magazine*'s Automobile of the Year, Green Car of the Year, a *Car and Driver* 10 Best Award and *Motor Trend* Car of the Year.

Continuing that progress, we kicked off 2011 with another big win with the Chevrolet Silverado HD winning the top honor as *Motor Trend* Truck of the Year. It was the first time



The strength of the new GM: a new business model centered on our vision of designing, building and selling the world's best vehicles; a leader's leverage to economic growth in key mature and emerging markets worldwide; and a new balance sheet with a significantly improved risk profile.



GM brands captured both of the prestigious *Motor Trend* Car and Truck of the Year awards since Buick and Chevrolet captured both awards in 1979.

And across the globe, other GM vehicles are gaining similar acclaim for design excellence, quality and performance, including the Holden Commodore in Australia, Chevrolet Agile in Brazil, Buick LaCrosse in China and many others.

We also acquired AmeriCredit to form GM Financial, expanding the financing options for customers in the United States and Canada who want to buy or lease new GM vehicles.

We lowered our cost base and restructured operations in North America to achieve a break-even level near the bottom of the economic cycle. Despite depressed industry conditions, GM posted $5.7 billion of earnings before interest and taxes (EBIT) in North America. We significantly improved our balance sheet, reduced debt by more than $11 billion and improved the funding level of our U.S. pension plans with a $4 billion cash contribution. At the same time, we maintained our strong liquidity position through positive cash flow and a new $5 billion revolving line of credit.

In November we completed a landmark $23 billion public offering, the largest in history, allowing the U.S. and Canadian governments to reduce their ownership stakes in the company. The successful offering was an important vote of confidence for the progress and potential of the new General Motors.

BRIGHTENING FINANCIAL PICTURE

We were pleased to achieve profitability in our first full year as a new company, with 2010 net income attributable to common stockholders of $4.7 billion on revenue of $135.6 billion. We achieved earnings per share of $2.89 on a fully diluted basis.

"Our 2010 progress is early evidence of a new business model that begins and ends with great vehicles."

GM recorded adjusted EBIT of $7 billion and positive automotive free cash flow of $2.4 billion in 2010. Excluding a $4 billion discretionary contribution to the U.S. pension plans, free cash flow would have been $6.4 billion for the year.

The company's progress is early evidence of a new business model that begins and ends with great vehicles. We are leveraging our global resources and scale to maintain stringent cost management while taking advantage of growth and revenue opportunities around the world, to ultimately deliver sustainable results for all of our stakeholders.

The 2011 North American and *Motor Trend* Car of the Year Chevrolet Volt performs on the road and for the environment.

After a groundbreaking development process, GM launched the Chevrolet Volt electric vehicle with extended-range capability in November 2010. The vehicle underscores GM's commitment to technology leadership, while positively shaping perceptions about electric vehicles. Thanks to strong customer interest, GM has expanded its initial seven-state rollout plan, and the Volt will be available nationwide in the United States by the end of 2011.

THE ROAD AHEAD

It was a good year for GM, but we have a lot of work ahead of us. Although great opportunity abounds around the globe, risks do as well. In a still-recovering global economy, uncertainty surrounding the crisis in Japan, a volatile oil price environment, higher commodity prices and an increasingly competitive automotive marketplace, we will build on our 2010 progress by concentrating on three critical areas.

First, we will remain focused on our top priority—developing and introducing great new products to our valued customers worldwide. Key launches in 2011 include the fuel-efficient and sporty Chevy Sonic and the Buick Verano luxury small car in the United States; the Opel Zafira seven-seat MPV and the Ampera extended-range electric car in Europe; and our all-new Baojun brand in China.

As we regain our financial footing, we expect the number of new product launches to steadily rise over the next several years. And these new products will increasingly embrace advanced technology to reduce fuel consumption and emissions, improve safety and enhance the overall driving experience for our customers.

Advanced technology is key to GM product leadership in the future. This is what makes the Volt so important for GM. It's not just another "me too" vehicle. While it is by no means the ultimate solution for reducing our dependence on oil, the Volt is a glimpse into what's possible from GM. We will leverage what we have learned in its development—from the automotive battery, electric power control and other new technologies to the processes and partnerships we created—to help us accelerate the pace of innovation across the company.

Second, we will continue to sharpen our focus on how we engage customers. Fundamental to this is designing and producing vehicles that surprise and delight them. We're doing that by listening to customers, taking a wider view to predict emerging trends, ensuring we have the right features and technologies in our vehicles to set them apart from the rest, and enhancing our advertising and marketing efforts to more effectively connect with customers.

> "A key priority is to sharpen our focus on engaging our customers. That's critical to ensuring that we have the right features and technologies in our vehicles to win in a competitive marketplace."

We're working closely with our revitalized dealer network in the United States to deliver the best sales and service experience possible, and we continue to implement a highly disciplined inventory management approach worldwide to create an integrated, holistic brand experience everywhere we sell vehicles. In all efforts, we'll never forget what's most important: our customers.

Chevrolet Silverado HD named 2011 *Motor Trend* Truck of the Year.

Editors recognized Silverado for engineering excellence and advanced design, efficiency, safety, value and performance, especially the truck's new Duramax diesel engine, which delivers increased performance and significantly reduced emissions.

Our third area of focus is financial discipline. We will maintain a sharp global focus on cost management as we invest in products and technology and expand to meet increasing demand. At the same time, we are building a strong and resilient balance sheet, and expect to maintain a minimal level of debt and to take meaningful steps toward fully funding our U.S. pension plans.

BUILDING THE NEW GM

We are moving with increased speed and agility, and implementing change faster than ever before. We are becoming a company with the capability, resources and confidence to play offense, not defense. Instead of creating new vehicles that are just better than their predecessors, we're working to design, build and sell vehicles that define the industry standard.

I would like to close this letter with sincere thanks, from every one of us at General Motors, to the American and Canadian people and their governments. We will always be grateful for their support in GM's hour of greatest need, and we are determined to prove that this was an investment worth making.

I would also like to thank the investors who made our public offering so successful. Most of all, I want to thank our employees, retirees, dealers, union partners and many other stakeholders who stood by us through the toughest of times, and who made the sacrifices necessary for us to create our new company.

For the first time in decades, the playing field in the auto business is level. Now, the best car truly can win. GM can now dedicate its full attention to designing, building and selling the world's best vehicles—something that we hadn't been able to do in the past, due to a historical cost structure that was unsustainable, distracted our resources and hindered our ability to compete.

We will never forget the path that led to the old GM's bankruptcy and the sacrifices that were made by many to create the new GM. Most important, we learned from that experience, we understand why it happened and we will never go back there again. That is our commitment.

GM's strong 2010 results were evidence of what we now can achieve. Make no mistake; we have a long road ahead. There will be many bumps and unexpected bends. And we are building the right vehicle to navigate them: The New GM.

Thank you.

Sincerely,

Daniel F. Akerson
Chairman & Chief Executive Officer
General Motors Company

*See page 20 for a reconciliation of non-GAAP measures to results reported under U.S. GAAP.

The new General Motors has one clear vision: to design, build and sell the world's best vehicles. Our new business model revolves around this vision, focusing on fewer brands, compelling vehicle design, innovative technology, improved manufacturing productivity and streamlined, more efficient inventory processes. The end result is products that delight customers and generate higher volumes and margins—and ultimately deliver more cash to invest in our future vehicles.

A New Vision, a New Business Model

Our vision is simple, straightforward and clear; to design, build and sell the world's best vehicles. That doesn't mean just making our vehicles better than the ones they replace. We have set a higher standard for the new GM—and that means building the best.

Our vision comes to life in a continuous cycle that starts, ends and begins again with great vehicle designs. To accelerate the momentum we've already created, we reduced our North American portfolio from eight brands to four: Chevrolet, Buick, Cadillac and GMC. Worldwide, we're aggressively developing and leveraging global vehicle architectures to maximize our talent and resources and achieve optimum economies of scale.

Across our manufacturing operations, we have largely eliminated overcapacity in North America while making progress in Europe, and we're committed to managing inventory with a new level of discipline. By using our manufacturing capacity more efficiently and maintaining leaner vehicle inventories, we are reducing the need to offer sales incentives on our vehicles. These moves, combined with offering attractive, high-quality vehicles, are driving healthier margins—and at the same time building stronger brands.

Our new business model creates a self-sustaining cycle of reinvestment that drives continuous improvement in vehicle design, manufacturing discipline, brand strength, pricing and margins, because we are now able to make money at the bottom as well as the top of the industry cycles.

We are seeing positive results already. In the United States, for example, improved design, content and quality have resulted in solid gains in segment share, average transaction prices and projected residual values for the Chevrolet Equinox, Buick LaCrosse and Cadillac SRX. This is just the beginning.

GM's new business model is designed to continuously and consistently invest in vehicle design, quality and technology, in turn building stronger brands and higher residual values.

Focusing on fewer U.S. brands—each with a distinct strategy—allows GM to stabilize and begin to improve market share.

Improvements in design, content, engineering and quality are resulting in increased segment share as well as improved average transaction prices.

The New GM Business Model

DESIGN
Focusing on fewer brands; leveraging global resources to create the most compelling vehicles and technologies

REINVEST
Reinvesting cash and profits consistently into vehicle and technology development, regardless of business cycle

BUILD
Optimizing our global footprint to cost-effectively develop best-in-segment vehicles

SELL
Maximizing revenues with a focused brand strategy; delivering world-class vehicles to market

The new GM is in a strong position to compete. Along with our joint venture partners, GM holds the leading position in the BRIC markets—Brazil, Russia, India and China—which collectively present the biggest opportunity for growth over the next five years. North America presents additional growth potential as it continues to recover from the economic crisis.

A New World of Opportunity and Growth

Despite the recent downturn, the global automotive industry remains a growth business. In fact, some industry analysts expect the market to increase from 72 million units in 2010 to as much as 96 million units by 2015. GM is well-poised to capitalize on that explosive growth.

The emerging BRIC markets are projected to grow collectively by nearly 12 million vehicles by 2015 as robust economies and increasing personal wealth drive demand. GM, together with our joint venture partners, ended 2010 with a market-leading 12.2 percent share in the combined BRIC countries, holding the number-one position for the sixth consecutive year.

Over the past decade, GM and our joint venture partners have built a leading position in China—the world's largest automotive market—with share increasing from 3.4 percent in 2000 to our current 12.8 percent. In India, GM and its partners saw a strong performance in 2010, delivering record volume, up 60 percent year over year, and an overall 0.6 point gain in market share. Brazil is the world's fifth-largest vehicle market, and GM is one of the top automakers there with a 19 percent market share.

In North America, GM ended the year as the market share leader, driven by sharper brand focus and strong market acceptance of our new vehicles. In the United States, Buick has become the fastest-growing major automotive brand by appealing to a broad spectrum of vehicle buyers, with a 52 percent increase in sales in 2010. And in Canada, our core brand retail sales grew 26.4 percent in 2010, helping us achieve 15.6 percent market share.

It's becoming increasingly clear, all over the world: From Europe to Africa, Asia to North and South America, the new GM is taking hold. We're making progress every day in our drive to design, build and sell the world's best vehicles.

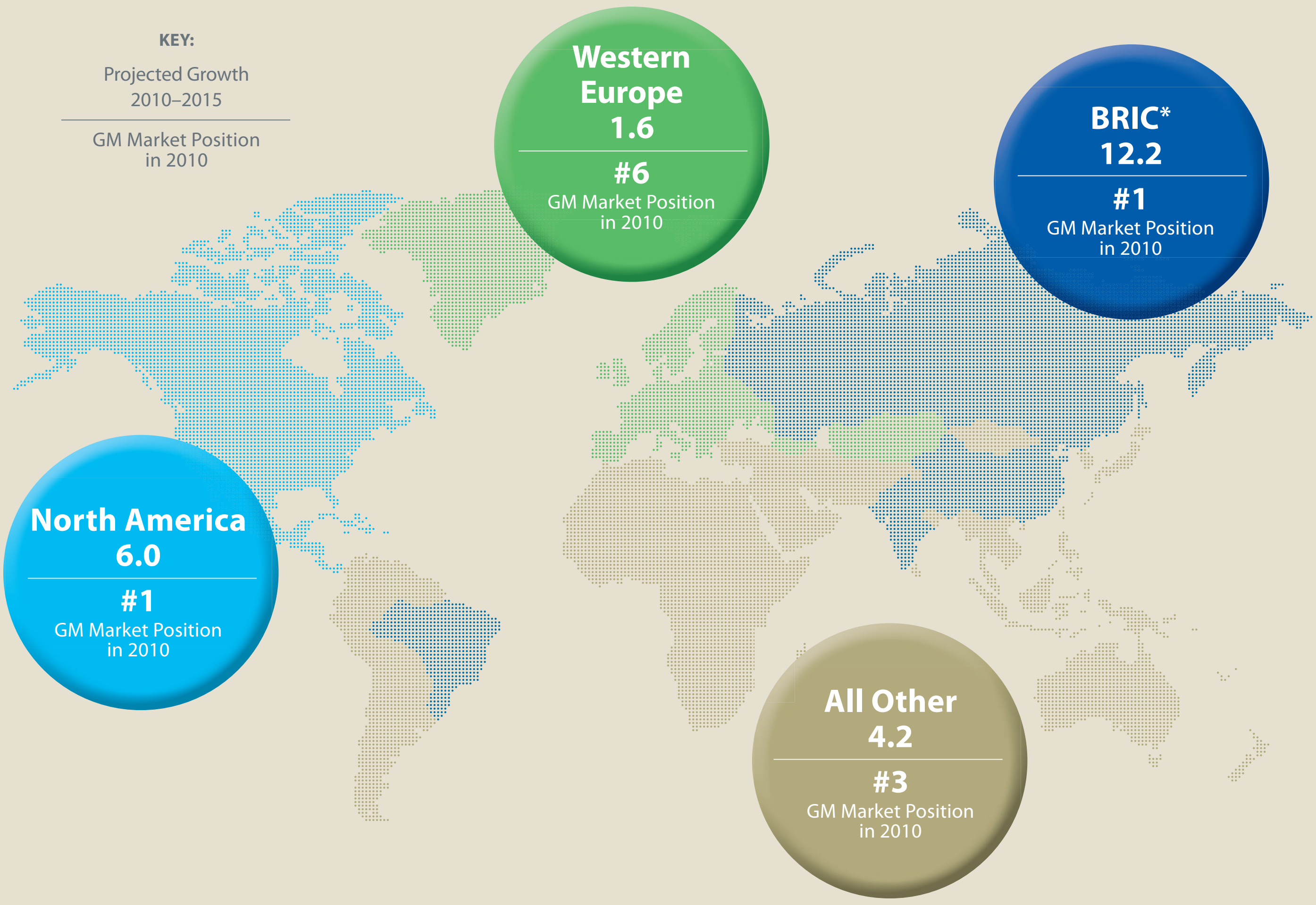
The combined BRIC countries represent the industry's most compelling growth opportunity, expected to expand by more than 12 million vehicles from 2010 through 2015.

2011 will be a big year for introducing new, world-class vehicles in China. In Europe, 2012 will be a major launch year, as will the following two years in the United States. 2012 will be a significant year for launches in Brazil.

China is now the largest vehicle market in the world, having passed the United States in 2009.

A Leader in the Highest-Growth Automotive Markets

Industry projected 5-year unit growth, 2010–2015
(units in millions)



Source: IHS Automotive car and light truck sales forecast March 2011
*Brazil, Russia, India, China; includes joint ventures

The new GM has a much improved balance sheet that, combined with our competitive cost structure in North America, provides for a significantly lower risk profile. Given the cyclical nature of our industry and the capital-intensive nature of our business, our leadership team is committed to minimizing our financial leverage. After reinvesting in the business, we plan to use excess cash to fully fund our pension plans and maintain minimal debt, with the goal of attaining an investment-grade credit rating over the long term.

Significantly Lower Risk Profile

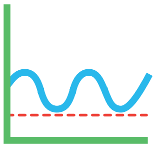
We have made solid progress reducing our financial leverage in 2010, with nearly $16 billion of combined reductions in key automotive obligations, including an $11.2 billion reduction in automotive debt and a $4.7 billion improvement in the underfunded status of our U.S. pension plans. In addition, we reduced our Series A Preferred Stock by $1.5 billion. Importantly, we ended the year with a very healthy $34 billion in available automotive liquidity to support the business going forward.

Our competitive cost structure in North America was the result of the progress we made through our restructuring and is supported by competitive agreements with our labor partners and our ability to more efficiently manage our manufacturing capacity. Our cost structure, strong product portfolio and pricing discipline in North America have allowed us to achieve breakeven near the bottom of the industry cycle.

As we manage through the downturns and rebounds of our industry, a key objective is to maintain consistent levels of investment in our engineering and product development in order to deliver the world's best vehicles, which will in turn deliver consistent financial performance over the long term. Minimizing financial leverage and maintaining cost discipline will help ensure we are able to do so.

We still have more work to do, but the progress we already have made is moving us closer to our ultimate goal: to be in a solid position to play offense, not defense, even in a down cycle. This is the essence of the new GM.

A much improved risk profile, strong liquidity, lower debt and competitive cost structure in North America position the company for sustainable results.

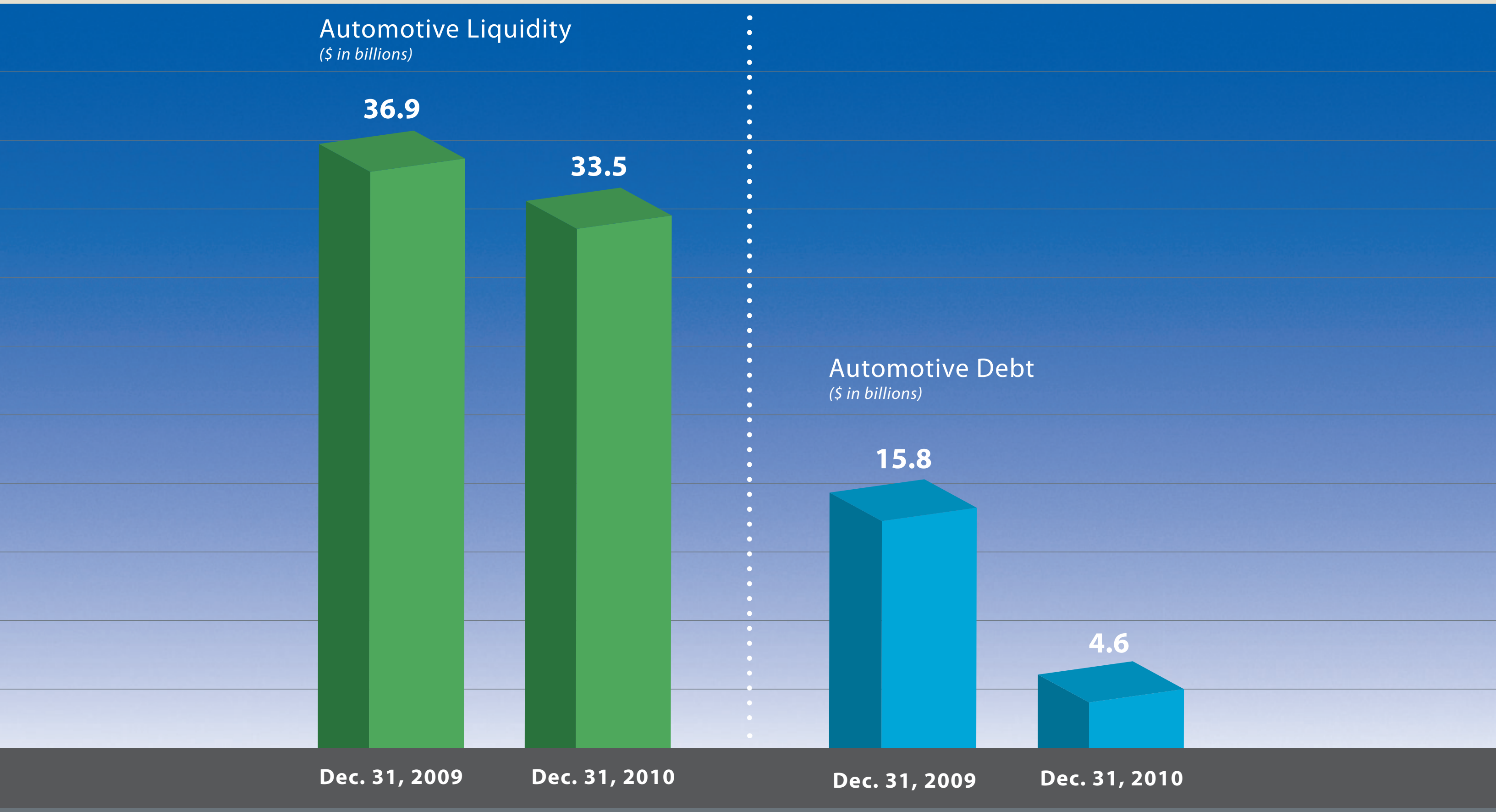


We now have a cost structure in North America that breaks even near the bottom of the industry cycle, enabling GM to succeed through downturns and rebounds alike.

A key objective at GM is to achieve investment-grade status by strengthening the balance sheet, fully funding our pension plans and improving our risk profile.

Strong Liquidity, Minimizing Debt

Reduced automotive debt by more than $11 billion, while maintaining healthy liquidity



Automotive Liquidity includes: cash, marketable securities, certain escrow restricted cash and available credit facilities

A World-Class Lineup in North America

Chevrolet Cruze
Global success is no surprise for the new Chevrolet Cruze, which is sold in more than 60 countries around the world. In addition to a 42 mpg Eco model (sold in North America), Cruze's globally influenced design is complemented by its exceptional quietness, high quality and attention to detail not matched by the competition.

Buick Regal
The sport-injected Buick Regal is the brand's latest addition, attracting a whole new demographic for the Buick brand. The newly designed Buick lineup, which saw 52 percent volume growth in 2010 in the United States alone, is appealing to a broader spectrum of buyers.

Chevrolet Equinox
The Chevrolet Equinox delivers best-in-segment 32-mpg highway fuel economy in a sleek, roomy new package. With the success of the Equinox and other strong-selling crossovers, GM leads the U.S. industry in total unit sales for the segment.

Chevrolet Sonic
Stylish four-door sedan and sporty five-door hatchback versions of the Chevrolet Sonic will be in U.S. showrooms in fall 2011. Currently the only small car built in the United States, it will be sold as the Aveo in other parts of the world.

Buick LaCrosse
Buick builds on the brand's momentum in the United States and China with the fuel-efficient LaCrosse. With eAssist technology, the LaCrosse achieves an expected 37 mpg on the highway.

Buick Verano
The all-new Buick Verano, which will be available in late 2011, appeals to customers in the United States, Canada and Mexico who want great fuel economy and luxury in a smaller but premium package.

GMC Terrain
The GMC Terrain delivers segment-leading fuel economy of 32 mpg highway, plus uncompromising content and premium technology, in a 5-passenger, compact SUV.

Cadillac CTS *V*-Coupe
Cadillac's new CTS *V*-Coupe is the complete package for the driving enthusiast—a 556 hp supercharged V-8 engine, stunning lines and performance handling.

GMC Sierra Heavy Duty
The GMC Sierra offers heavy-duty power and performance with the proven and powerful Duramax Diesel/Allison Transmission combination and a completely new chassis with improved capabilities and ride comfort.

GMC Yukon Hybrid
The GMC Yukon Hybrid is America's first full-sized SUV hybrid, with city fuel economy of 20 mpg—better than a standard 6-cylinder Honda Accord and 43 percent better than any full-size SUV in its class.

Cadillac CTS Sport Wagon
With an available advanced direct-injected V6 engine, the Cadillac CTS Sport Wagon sets a new standard for versatility, while offering excitement and purpose.

Cadillac SRX
The Cadillac SRX looks and performs like no other crossover, with a cockpit that offers utility and elegance and an optional 70-inch Ultraview sunroof.

A World-Class Lineup Around the World

Chevy Orlando
Using our global compact architecture, Chevrolet is launching the new Orlando seven-seat family van in select markets worldwide in 2011.

Baojun 630
The all-new Baojun 630 debuted in China in 2010—our new affordable vehicle brand designed to appeal to first-time car buyers.

Opel Meriva
The award-winning 2010 Opel Meriva is Europe's small monocab with more—from the centered handles of its FlexDoors to its dynamic lines and roomy, versatile interior.

Chevy Flex-Fuel Agile
With its efficient 1.4-liter Ecoflex engine, Brazil's Chevrolet Flex-Fuel Agile represents flex-fuel technology in a subcompact.

Opel Astra
The Opel Astra brings a new look and award-winning design to the European compact class with Hatchback and Sports Tourer models.

Chevrolet Montana
The Chevrolet Montana, which shares GM do Brasil's new Agile Hatchback city car platform, delivers a compact truck with 30-mpg highway fuel economy to markets in South America and Africa.

Chevrolet Beat Diesel
Building on the global success of the Chevrolet Spark, Chevrolet has announced plans for the summer 2011 launch of the Chevrolet Beat Diesel in India, offering a new 1.0-liter diesel version of this popular, stylish hatchback.

Opel Ampera
In late 2011 European customers will be able to experience GM's award-winning Voltec technology when both the Chevrolet Volt and Opel Ampera go on sale there. Both vehicles feature their own unique styling and bring pioneering technology to new markets.

The New GM's vehicle lineup had a banner year for honors and awards in 2010, capturing many of the industry's most prestigious awards, including the *Motor Trend* Car and Truck of the Year for the Chevrolet Volt and Silverado HD; North American Car of the Year for the Volt; the *Auto Bild* Golden Steering Wheel Award 2010 for the Opel Meriva; and the *Consumers Digest* Automotive Best Buy Award for the all-new Buick Regal. The Cadillac CTS-*V* and Volt were also recognized among the *Car and Driver* 10 Best and the GMC Terrain was ranked highest in its segment in the J.D. Power APEAL study. For information on these wins and many more, please visit *www.gmwins.com*.

A New Attitude

We are making major strides in becoming a GM that works smart, thinks big and moves fast. The new GM culture values simplicity, agility and action—making and implementing decisions faster, pushing accountability deeper into the organization and demanding results from everyone. There's never been a greater need to change, and there's never been a better time.

New Leadership

(As of April 1, 2011)

Board of Directors

(Front Row, Left to Right)

Erroll B. Davis, Jr. 1, 4
Chancellor,
University System
of Georgia
Director since July 10, 2009

Daniel F. Akerson
Chairman &
Chief Executive Officer
Director since July 24, 2009

Carol M. Stephenson 2, 3
Dean,
Richard Ivey School of Business,
The University
of Western Ontario
Director since July 24, 2009

Stephen J. Girsky 4,5
Vice Chairman, Corporate
Strategy, Business
Development,
Global Product Planning,
& Global Purchasing
and Supply Chain
Director since July 10, 2009

(Back Row, Left to Right)

Cynthia A. Telles 3, 4
Director,
UCLA Neuropsychiatric Institute
Spanish-Speaking
Psychosocial Clinic
Director since April 13, 2010

David Bonderman 2, 5
Co-Founding Partner
& Managing General Partner,
TPG
Director since July 24, 2009

Patricia F. Russo 2, 3, 5
Former Chief Executive Officer,
Alcatel-Lucent
Director since July 24, 2009

Philip A. Laskawy 1, 5
Retired Chairman &
Chief Executive Officer,
Ernst & Young LLP
Director since July 10, 2009

E. Neville Isdell 2,3 4
Retired Chairman &
Chief Executive Officer,
The Coca-Cola Company
Director since July 10, 2009

Kathryn V. Marinello 1, 4
Chairman &
Chief Executive Officer,
Stream Global Services, Inc.
Director since July 10, 2009

Robert D. Krebs 1, 5
Retired Chairman &
Chief Executive Officer,
Burlington Northern
Santa Fe Corporation
Director since July 24, 2009

Committees: 1 Audit, 2 Executive Compensation, 3 Directors and Corporate Governance, 4 Public Policy, 5 Finance and Risk

Management Team *(Not Pictured)*

Daniel F. Akerson
Chairman &
Chief Executive Officer

Stephen J. Girsky
Vice Chairman, Corporate
Strategy, Business Develop-
ment, Global Product Planning,
& Global Purchasing
and Supply Chain

Thomas G. Stephens
Vice Chairman & Global Chief
Technology Officer

Daniel Ammann
Senior Vice President &
Chief Financial Officer

Jaime Ardila
Vice President & President,
South America

Mary T. Barra
Senior Vice President,
Global Product Development

Timothy E. Lee
Vice President &
President,
International Operations

Michael P. Millikin
Senior Vice President &
General Counsel

D. Nick Reilly
Vice President &
President, Europe

Mark L. Reuss
Vice President &
President, North America

Selim Bingol
Vice President,
Global Communications

Nicholas S. Cyprus
Vice President & Controller
& Chief Accounting Officer

Joel Ewanick
Vice President & Global Chief
Marketing Officer

Robert E. Ferguson
Vice President,
Global Public Policy

Terry S. Kline
Vice President, Information
Technology &
Chief Information Officer

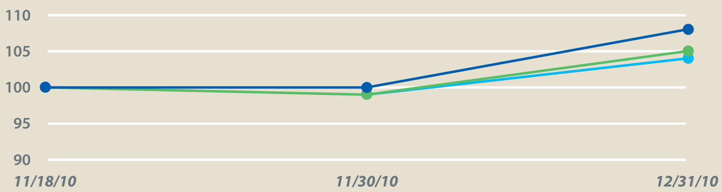
Anne T. Larin
Corporate Secretary

Victoria McInnis
Chief Tax Officer

Chester N. Watson
General Auditor

Highlights

Comparison of Cumulative Total Return



	11/18/10	11/30/10	12/31/10
General Motors Company	$100	$100	$108
S&P 500 Index	$100	$ 99	$105
Ford	$100	$ 99	$104

Sources: Standard & Poor's Capital IQ
Notes: Assumes $100 invested on 11/18/10 in GM Common stock, in the S&P 500, and in Ford

VEHICLE SALES & NET REVENUE

(in millions, except per share & units)	2010
VEHICLE SALES, INCLUDING JOINT VENTURES — (000'S UNITS)	
GMNA	2,625
GME	1,662
GMIO	3,077
GMSA	1,026
Worldwide Vehicle Sales	8,390
Worldwide Net Sales & Revenue	$135,592
FINANCIAL RESULTS	
Earnings Before Interest and Income Taxes*	$ 7,477
Net Income Attributable to Common Stockholders	$ 4,668
Diluted Earnings Per Share	$ 2.89
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS	
Available Automotive Liquidity	
Cash and Marketable Securities**	$ 27,624
Credit Facilities	5,919
Total Automotive Liquidity	$ 33,543
Key Automotive Obligations	
Debt	$ 4,630
Underfunded U.S. Pension	12,388
Total Automotive Obligations	$ 17,018
AUTOMOTIVE FREE CASH FLOW	
Automotive Net Cash Provided by (Used in) Operating Activities	$ 6,589
Capital Expenditures	(4,200)
Automotive Free Cash Flow	$ 2,389
EMPLOYMENT — YEAR-END (000'S)	
GMNA	96
GME	40
GMIO	32
GMSA	31
GM Financial	3
Worldwide Employment	202

*Includes GM Financial on an Earnings Before Tax (EBT) basis
** Cash includes Canadian HC Trust restricted cash

Financial Contents

General Motors Company and Subsidiaries
Reconciliation of Non-GAAP Measures

The accompanying Letter to Stakeholders includes earnings before interest and taxes (EBIT), EBIT adjusted and Automotive free cash flow which are not prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent registered public accounting firm. EBIT, EBIT adjusted and Automotive free cash flow are considered non-GAAP financial measures.

Management believes these non-GAAP financial measures provide meaningful supplemental information regarding GM's operating results because they exclude amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance among geographic regions. Accordingly, GM believes these non-GAAP financial measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

The following table summarizes the reconciliation of EBIT to its most comparable U.S. GAAP measure (dollars in millions):

	Successor **Year Ended** December 31, 2010
Operating segments	
GMNA	$ 5,748
GME	(1,764)
GMIO	2,262
GMSA	818
GM Financial(a)	129
Total operating segments	7,193
Corporate and eliminations	284
EBIT	**7,477**
Interest income	465
Automotive interest expense	1,098
Income tax expense	672
Net income attributable to stockholders	**6,172**
Less: Cumulative dividends on and charge related to purchase of preferred stock	1,504
Net income attributable to common stockholders	**$ 4,668**

(a) GM Financial amounts represent income before income taxes.

General Motors Company and Subsidiaries
Reconciliation of Non-GAAP Measures

The following table summarizes the reconciliation of EBIT adjusted to EBIT and Automotive free cash flow to Automotive Net cash provided by (used in) operating activities (dollars in millions):

	Successor **Year Ended** December 31, 2010
EBIT adjusted(a)	$ 7,030
Adjustments	447
EBIT(a)	**$ 7,477**
Automotive	
Free cash flow	$ 2,389
Capital expenditures	4,200
Net cash provided by operating activities	**$ 6,589**

(a) GM Financial amounts included in EBIT and EBIT adjusted represent income before income taxes.

Adjustments

In the year ended December 31, 2010 Adjustments included the following:

- Gain of $198 million on the extinguishment of the VEBA Notes;
- Gain of $66 million related to the acquisition of General Motors Strasbourg S.A.S;
- Gain of $123 million as a result of the sale of Saab Automobile AB to Spyker Cars NV; and
- Gain of $60 million related to the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors

Market Information

Shares of our common stock have only been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. As a result our table below only provides data with respect to the fourth quarter for our common stock.

Quarterly price ranges of our common stock on the New York Stock Exchange, the principal market in which the stock is traded are as follows:

	Year Ended December 31, 2010	
	High (a)	**Low (a)**
Quarter		
First	N/A	N/A
Second	N/A	N/A
Third	N/A	N/A
Fourth	$36.98	$33.07

(a) The quarterly price ranges for our common stock are based on high and low prices from intraday trades.

Holders

As of February 15, 2011 we had a total of 1.6 billion issued and outstanding shares of common stock and a total of 318 million shares of common stock for which warrants are initially exercisable by two warrant holders of record. As of February 15, 2011 there were 185 holders of record of our common stock.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our new secured revolving credit facility, and other factors.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(Dollars in millions except per share amounts)

	Successor		Predecessor			
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)(b)	January 1, 2009 Through July 9, 2009	Years Ended December 31, 2008	2007	2006
Income Statement Data:						
Total net sales and revenue (c)(d)	$135,592	$ 57,474	$ 47,115	$148,979	$179,984	$204,467
Reorganization gains, net (e)	$ —	$ —	$128,155	$ —	$ —	$ —
Income (loss) from continuing operations (e)(f)	$ 6,503	$ (3,786)	$109,003	$ (31,051)	$ (42,685)	$ (2,155)
Income from discontinued operations, net of tax (g)	—	—	—	—	256	445
Gain on sale of discontinued operations, net of tax (g)	—	—	—	—	4,293	—
Net income (loss) (e)	6,503	(3,786)	109,003	(31,051)	(38,136)	(1,710)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108	(406)	(324)
Less: Cumulative dividends on and charge related to purchase of preferred stock (h)	1,504	131	—	—	—	—
Net income (loss) attributable to common stockholders (e)	$ 4,668	$ (4,428)	$109,118	$ (30,943)	$ (38,542)	$ (2,034)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (68.12)	$ (3.60)
Diluted earnings (loss) per share:						
Income (loss) from continuing operations attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (76.16)	$ (4.39)
Income from discontinued operations attributable to common stockholders (g)	—	—	—	—	8.04	0.79
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (68.12)	$ (3.60)
Cash dividends per common share	$ —	$ —	$ —	$ 0.50	$ 1.00	$ 1.00
Balance Sheet Data (as of period end):						
Total assets (d)(f)	$138,898	$136,295		$ 91,039	$148,846	$185,995
Automotive notes and loans payable (i)(j)	$ 4,630	$ 15,783		$ 45,938	$ 43,578	$ 47,476
GM Financial notes and loans payable (d)	$ 7,032					
Series A Preferred Stock (k)	$ 5,536	$ 6,998		$ —	$ —	$ —
Series B Preferred Stock (l)	$ 4,855	$ —		$ —	$ —	$ —
Equity (deficit) (f)(m)(n)	$ 37,159	$ 21,957		$ (85,076)	$ (35,152)	$ (4,076)

(a) All applicable Successor share, per share and related information has been adjusted retroactively for the three-for-one stock split effected on November 1, 2010.

(b) At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Therefore, our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information.

(c) In November 2006 Old GM sold a 51% controlling ownership interest in Ally Financial, Inc., formerly GMAC, Inc. (Ally Financial) resulting in a significant decrease in total consolidated net sales and revenue.

(d) GM Financial was consolidated effective October 1, 2010.

(e) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with the Chapter 11 Proceedings, the 363 Sale and the application of fresh-start reporting. Refer to Note 2 to our consolidated financial statements for additional detail.

(f) In September 2007 Old GM recorded full valuation allowances of $39.0 billion against net deferred tax assets in Canada, Germany and the United States.

(g) In August 2007 Old GM completed the sale of the commercial and military operations of its Allison business. The results of operations, cash flows and the 2007 gain on sale of Allison have been reported as discontinued operations for all periods presented.

(h) Includes a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

(i) In December 2008 Old GM entered into the UST Loan Agreement, pursuant to which the UST agreed to provide a $13.4 billion UST Loan Facility.

(j) In December 2010 GM Daewoo Auto & Technology Co. (GM Daewoo) terminated a Korean Won 1.4 trillion (equivalent to $1.2 billion) credit facility following the repayment of the remaining $1.0 billion under the facility.

(k) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount.

(l) Series B Preferred Stock was issued in a public offering in November and December 2010. The Series B Preferred Stock pays dividends at 4.75% and is convertible to common stock at the option of the holder until December 1, 2013 the date on which all outstanding shares of Series B Preferred Stock will be mandatorily converted into common stock based on pre-defined conversion ratios that adjust based on the share price of our common stock.

(m) In January 2007 Old GM recorded a decrease to Retained earnings of $425 million and a decrease of $1.2 billion to Accumulated other comprehensive loss in accordance with the early adoption of the measurement provisions of ASC 715, “Compensation — Retirement Benefits” (ASC 715).

(n) In January 2007 Old GM recorded an increase to Retained earnings of $137 million with a corresponding decrease to its liability for uncertain tax positions in accordance with ASC 740, “Income Taxes” (ASC 740).

* * * * * * *

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation and changed its name to General Motors Company, is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this management's discussion and analysis of financial condition and results of operations, for the periods on or before July 9, 2009, as "Old GM." Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Staff of the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this management's discussion and analysis of financial condition and results of operations for the periods on or after July 10, 2009 as "MLC." MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

Presentation and Estimates

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and General Motors Financial Company, Inc. (GM Financial).

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010 we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable share, per share and related information for periods on or subsequent to July 10, 2009 has been adjusted retroactively to give effect to the three-for-one stock split.

On October 5, 2010 our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Overview

Our Company

Our company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under the Bankruptcy Code. As a result of the 363 Sale and other recent restructuring and cost savings initiatives, we have improved our financial position and level of operational flexibility as compared to Old GM when it operated the business. We commenced operations upon completion of the 363 Sale with a total amount of debt and other liabilities at July 10, 2009 that was $92.7 billion less than Old GM's total amount of debt and other liabilities at July 9, 2009. We reached a competitive labor agreement with our unions, restructured our dealer network and reduced and refocused our brand strategy in the U.S. to our four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange.

Automotive

We are a leading global automotive company. Our vision is to design, build and sell the world's best vehicles. We seek to distinguish our vehicles through superior design, quality, reliability, telematics (wireless voice and data) and infotainment and safety within their respective segments. Our business is diversified across products and geographic markets. With a global network of independent dealers we meet the local sales and service needs of our retail and fleet customers. Of our total 2010 vehicle sales volume, 73.6% was generated outside the United States, including 43.0% from emerging markets, such as Brazil, Russia, India and China (collectively BRIC), which have recently experienced the industry's highest volume growth.

Our automotive business is organized into four geographically-based segments:

- GMNA, with sales, manufacturing and distribution operations in the U.S., Canada and Mexico and distribution operations in Central America and the Caribbean, represented 31.3% of our total 2010 vehicle sales volume. In North America, we sell our vehicles through four brands — Chevrolet, GMC, Buick and Cadillac — which are manufactured at plants across the U.S., Canada and Mexico and imported from other GM regions. In 2010, GMNA had the largest market share of any competitor in this market at 18.2%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Russia, the Commonwealth of Independent States and Eastern Europe represented 19.8% of our total 2010 vehicle sales volume. In Western and Central Europe, we sell our vehicles under the Opel and Vauxhall (U.K. only) brands, which are manufactured in Europe, and under the Chevrolet brand, which is imported from South Korea where it is manufactured by GM Daewoo of which we own 70.1%. In 2010, GME had the number five market share in this market, at 8.8%.

- GMIO, with sales, manufacturing and distribution operations in Asia-Pacific, Russia, the Commonwealth of Independent States, Eastern Europe, Africa and the Middle East, is our largest segment by vehicle sales volume. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East represented 36.7% of our total 2010 vehicle sales volume including sales through our joint ventures. In these regions, we sell our vehicles under the Buick, Cadillac, Chevrolet, Daewoo, FAW, GMC, Holden, Isuzu, Jiefang, Opel and Wuling brands, and we plan to commence sales under the Baojun brand in 2011. In 2010, GMIO had the second largest market share for this market at 8.8% and the number one market share in China. Of GMIO's vehicle sales volume 76.4% is from China in 2010. Our Chinese operations are primarily comprised of three joint ventures: Shanghai General Motors Co., Ltd. (SGM); of which we own 49%, SAIC-GM-Wuling Automobile Co., Ltd. (SGMW); of which we own 44% and FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM); of which we own 50%.

- GMSA, with sales, manufacturing and distribution operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales activities in Bolivia, Chile, Paraguay, Peru and Uruguay represented 12.2% of our total 2010 vehicle sales volume. In South America, we sell our vehicles under the Chevrolet, Suzuki and Isuzu brands. In 2010 GMSA had the largest market share for this market at 19.9% and the number three market share in Brazil. Of GMSA's vehicle sales volume 64.1% is from Brazil in 2010.

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the new Chevrolet Volt.

Automotive Financing

On October 1, 2010 we completed the acquisition of AmeriCredit Corp. for cash of approximately $3.5 billion and changed its name to General Motors Financial Company, Inc.

GM Financial specializes in purchasing retail automobile installment sales contracts originated by franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial generates revenue and cash flows primarily through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on the finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio; and
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model.

Our management team is focused on hiring new and promoting current talented employees who can bring new perspectives to our business in order to execute on our strategy as follows:

Deliver quality products. We intend to maintain a broad portfolio of vehicles so that we are positioned to meet global consumer preferences. We plan to do this in several ways.

- *Concentrate our design, engineering and marketing resources on fewer brands and architectures.* We plan to increase the volume of vehicles produced from common global architectures to more than 50% of our total volumes in 2015 from less than 17% today. We expect that this initiative will result in greater investment per architecture and brand and will increase our product development and manufacturing flexibility, allowing us to maintain a steady schedule of important new product launches in the future. We believe our four-brand strategy in the U.S. will continue to enable us to allocate higher marketing expenditures per brand.

- *Develop products across vehicle segments in our global markets.* We plan to develop vehicles in each of the key segments of the global markets in which we compete. For example, in September 2010 we introduced the Chevrolet Cruze in the U.S. small car segment, an important and growing segment where we have historically been under-represented.

- *Continued investment in a portfolio of technologies.* We will continue to invest in technologies that support energy diversity and energy efficiency as well as in safety, telematics and infotainment technology. We are committed to advanced propulsion technologies and intend to offer a portfolio of fuel efficient alternatives that use energy sources such as petroleum, bio-fuels, hydrogen and electricity, including the new Chevrolet Volt. We are committed to increasing the fuel efficiency of our vehicles with internal combustion engines through features such as cylinder deactivation, direct injection, variable valve timing, turbo-charging with engine downsizing and six speed transmissions. For example, we expect the Chevrolet Cruze Eco to be capable of achieving an estimated 40 mpg on the highway with a traditional internal combustion engine. We are expanding our telematics and infotainment offerings and, as a result of our OnStar service and our partnerships with companies such as Google, are in a position to deliver safety, security, navigation and connectivity systems and features.

Sell our vehicles globally. We will continue to compete in the largest and fastest growing markets globally.

- *Broaden GMNA product portfolio.* We plan to launch 13 new vehicles in GMNA across our four brands in 2011 and 2012, primarily in the growing car and crossover segments, where, in some cases, we are under-represented, and an additional 29 new vehicles between 2013 and 2014. Launched vehicles in 2010 included the Chevrolet Matiz, Spark, Spark Lite and Volt, Cadillac CTS Coupe and Buick Regal. We believe that we have achieved a more balanced portfolio in the U.S. market, where we maintained a sales volume mix of 36% from cars, 38% from trucks and 26% from crossovers in 2010 compared to 51% from trucks in 2006.

- *Refresh GME's vehicle portfolio.* To improve our product quality and product perception in Europe, by the start of 2012, we plan to have 80% of our Opel/Vauxhall carlines volume refreshed such that the model stylings are less than three years old. We have four product launches scheduled in 2011. As part of our planned rejuvenation of Chevrolet's portfolio, which increasingly supplements our Opel/Vauxhall brands throughout Europe, we are moving the entire Chevrolet lineup to new global architectures.

- *Increase sales in GMIO, particularly in China.* We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as China, and to improve market share in other important markets, including South Korea, South Africa, Russia, India and the ASEAN region. We aim to launch 70 new vehicles throughout GMIO through 2012. We plan to enhance and strengthen our GMIO product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- Increase sales in GMSA, particularly in Brazil. We plan to continue to execute our growth strategies in countries where we already hold strong positions, such as Brazil. We aim to launch 40 new vehicles throughout GMSA through 2011. We plan to strengthen our GMSA product portfolio through three strategies: (1) leveraging our global architectures; (2) pursuing local and regional solutions to meet specific market requirements; and (3) expanding our joint venture partner collaboration opportunities.

- *Ensure competitive financing is available to our dealers and customers.* We currently maintain multiple financing programs and arrangements with third parties for our wholesale and retail customers to utilize when purchasing or leasing our vehicles. Through our long-standing arrangements with Ally Financial and a variety of other worldwide, regional and local lenders, we provide our customers and dealers with access to financing alternatives. We plan to further expand the range of financing options available to our customers and dealers to help grow our vehicle sales through two specific objectives: (1) ensure certainty of availability of financing; and (2) competitive and transparent pricing for financing, for our dealers and customers. We expect GM Financial will offer increased availability of leasing and sub-prime financing for our customers in the United States and Canada throughout economic cycles. We also plan to use GM Financial to initiate targeted customer marketing initiatives to expand our vehicle sales.

Reduce breakeven levels through improved revenue realization and a competitive cost structure. In developed markets, we are improving our cost structure to become profitable at lower industry volumes.

- *Capitalize on cost structure improvement and maintain reduced incentive levels in GMNA*. We plan to sustain the cost reduction and operating flexibility progress we have made as a result of our North American restructuring. Our current U.S. and Canadian hourly labor agreements provide the flexibility to utilize a lower tiered wage and benefit structure for new hires, part-time employees and temporary employees. We aim to increase our vehicle profitability by maintaining competitive incentive levels with our strengthened product portfolio and by actively managing our production levels through monitoring of our dealer inventory levels. For the twelve months ended December 31, 2010 and based on GMNA's 2010 market share, GMNA's earnings before interest and taxes (EBIT) (EBIT is not an operating measure under U.S. GAAP — refer to "Reconciliation of Consolidated, Automotive and GM Financial Segment Results" for additional discussion) would have achieved breakeven at GMNA wholesale volume of approximately 2.3 million vehicles, consistent with an annual U.S. industry sales volume of approximately 9.5 to 10.0 million vehicles.

- *Execute on our Opel/Vauxhall restructuring plan*. We expect our Opel/Vauxhall restructuring plan to lower our vehicle manufacturing costs. The plan includes manufacturing rationalization, headcount reduction, labor cost concessions from the remaining workforce and selling, general and administrative efficiency initiatives. Specifically, we have reached an agreement to reduce our European manufacturing capacity by 20% through, among other things, the closing of our Antwerp facility in Belgium and the rationalization of our powertrain operations in our Bochum and Kaiserslautern facilities in Germany. Additionally, we have reached an agreement with the labor unions in Europe to reduce labor costs by Euro 265 million per year. The objective of our restructuring, along with the refreshed product portfolio pipeline, is to restore the profitability of the GME business.

- *Enhance manufacturing flexibility.* We primarily produce vehicles in locations where we sell them and we have significant manufacturing capacity in medium- and low-cost countries. We intend to maximize capacity utilization across our production footprint to meet demand without requiring significant additional capital investment. For example, we were able to leverage the benefit of a global architecture and start initial production for the U.S. of the Buick Regal 11 months ahead of schedule by temporarily shifting production from North America to Rüsselsheim, Germany.

Maintain a strong balance sheet. Given our business's high operating leverage and the cyclical nature of our industry, we intend to minimize our financial leverage. We plan to use excess cash to repay debt and to make discretionary contributions to our U.S. pension plans. Based on this planned reduction in financial leverage and the anticipated benefits resulting from our operating strategy described above, we will aim to attain an investment grade credit rating over the long-term.

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the United States and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM, through its wholly-owned subsidiary GMCL, also received funding from Export Development of Canada (EDC), a corporation wholly-owned by the Government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the UST Loan Facility under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);

- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and

- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA Obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus of resources on four U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab, HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;
- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers was targeted from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the CAW to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries entered into the Chapter 11 Proceedings.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of the Sellers. The 363 Sale was consummated in accordance with the Purchase Agreement, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where expected general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009, we entered into the UST Credit Agreement and assumed debt of $7.1 billion Old GM incurred under the DIP Facility (UST Loans). Through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement with EDC and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. Proceeds of the DIP Facility of $16.4 billion were deposited in escrow, to be distributed to us at our request if certain conditions were met and returned to us after the UST Loans and the Canadian Loan were repaid in full. Immediately after entering into the UST Credit Agreement, we made a partial pre-payment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued the VEBA Notes to the New VEBA in the principal amount of $2.5 billion pursuant to the VEBA Note Agreement.

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 19 to our consolidated financial statements for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada Holdings, the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, which could have included compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased the 84 million shares of Series A Preferred Stock held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 to our consolidated financial statements for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post-age-65 benefits and placing a cap on pre-age-65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

ASC 852 is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11

Proceedings were recorded in Reorganization gains, net. Expenses and gains and losses directly related to the reorganization do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities.

Specific Management Initiatives

The execution of certain management initiatives is critical to achieving our goal of sustained future profitability. The following provides a summary of these management initiatives and significant results and events.

Repayment of Debt and Reduction of Financial Leverage

Purchase of Series A Preferred Stock from the UST

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion.

Contribution of Cash and Common Stock to U.S. Hourly and Salaried Pension Plans

In October 2010 we announced our intention to contribute $6.0 billion to our U.S. hourly and salaried pension plans, consisting of $4.0 billion of cash and $2.0 billion of our common stock. In December 2010 we made the $4.0 billion cash contribution to our U.S. hourly and salaried pension plans consisting of a $2.7 billion contribution to the U.S. hourly pension plan and a $1.3 billion contribution to the U.S. salaried pension plan. In January 2011 we contributed 61 million shares of our common stock to our U.S. hourly and salaried pension plans valued at $2.2 billion for funding purposes. We contributed 41 million shares of our common stock to the U.S. hourly pension plan and 20 million shares of our common stock to the U.S. salaried pension plan.

Repayment of GM Daewoo Credit Facility

In December 2010 GM Daewoo terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

Repayment of VEBA Notes

On July 10, 2009 we entered into the VEBA Note Agreement and issued the VEBA Notes in the principal amount of $2.5 billion to the New VEBA. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Repayment of UST Loans and Canadian Loan

Proceeds from the DIP Facility were necessary in order to provide sufficient capital for Old GM to operate pending the closing of the 363 Sale. In connection with the 363 Sale, we assumed the UST Loans and Canadian Loan, which Old GM incurred under the DIP Facility. One of our key priorities was to repay the outstanding balances from these loans prior to maturity. We also plan to use excess cash to repay debt and reduce our financial leverage.

In April 2010, we used funds from our escrow account (described below) to repay in full the then-outstanding amount of the UST Loans of $4.7 billion and GMCL repaid in full the then-outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity.

UST Escrow Funds

Proceeds of the DIP Facility of $16.4 billion were deposited in escrow. We used our escrow account to acquire all Class A Membership Interests in DIP HOLDCO LLP, subsequently named Delphi Automotive LLP (New Delphi), in the amount of $1.7 billion and acquire Nexteer and four domestic facilities and make other related payments in the amount of $1.0 billion. We released from escrow $2.4 billion in connection with two quarterly payments on the UST Loans and Canadian Loan and another $4.7 billion was released upon the repayment of the UST Loans. The remaining funds in the amount of $6.6 billion that were held in escrow became unrestricted and the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Repayment of German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German federal government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into) and maturing November 30, 2009. The German Facility was necessary in order to provide sufficient capital to operate Opel/Vauxhall. On November 24, 2009, the debt was paid in full and extinguished.

Focus on Chinese Market

Our Chinese operations, which we established beginning in 1997, are composed of the following joint ventures: SGM, SGMW, FAW-GM, Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car JV), collectively referred to as China JVs. We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick division, which we believe is a strong brand in China. In the coming years, we plan to increasingly leverage our global architectures to increase the number of nameplates under the Chevrolet brand in China. Sales and income of the joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet, and Cadillac.

SGMW, of which we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9%, produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling and Chevrolet brands. In 2010 we entered into an equity transfer agreement to purchase an additional 10% interest in SGMW from Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, (together the Wuling Group) for $52 million in cash plus an agreement to provide technical services to the Wuling Group through 2013. Upon receiving regulatory approval in China, the transaction closed in November of 2010 increasing our ownership from 34% to 44% of the outstanding stock of SGMW. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales and production volume in China. SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

The following table summarizes certain key operational and financial data for the China JVs (dollars in millions):

	Years Ended	
	December 31, 2010	December 31, 2009
Total wholesale units	2,348,391	1,823,693
Market share	12.8%	13.3%
Total net sales and revenues	$ 25,395	$ 18,098
Net income	$ 2,808	$ 1,636

	December 31, 2010	December 31, 2009
Cash and cash equivalents	$ 5,247	$ 3,516
Debt	$ 61	$ 30

In November 2010 we and SAIC entered into a non-binding Memorandum of Understanding (MOU) that would, if binding agreements are concluded by the parties, result in several strategic cooperation initiatives between us and SAIC. The initiatives covered by the MOU include:

- Cooperation in the development of new energy vehicles, such as appropriate electric vehicle architectures and battery electric vehicle technical development;
- Further expanding the role of PATAC in vehicle development, new technology development and participation in our global vehicle development process;
- Sharing an additional vehicle architecture and powertrain application with SAIC in an effort to help reduce development costs and benefit from economies of scale;
- Potential cooperation in providing access to our distribution network outside China for certain of SAIC's MG branded products;
- Providing training sources to assist a limited number of SAIC engineers with their professional development; and
- Discussions to determine possible areas of cooperation in the development of future diesel engines.

We expect definitive agreements will be reached in the first half of 2011 for the initiatives not yet agreed to at December 31, 2010.

Development of Multiple Financing Sources and GM Financial

A significant percentage of our customers and dealers require financing to purchase our vehicles. Historically, Ally Financial has provided most of the financing for our dealers and a significant amount of financing for our customers in the U.S., Canada and various other markets around the world. We maintain other financing relationships, such as with U.S. Bank for U.S. leasing, GM Financial for sub-prime lending and a variety of local and regional financing sources around the world.

We expect GM Financial will allow us to complement our existing relationship with Ally Financial in order to provide a more complete range of financing options to our customers, specifically focusing on providing additional capabilities in leasing and sub-prime financing options. We also plan to use GM Financial for targeted customer marketing initiatives to expand our vehicle sales.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility will be needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Refer to the section of this report entitled "— Liquidity and Capital Resources — Secured Revolving Credit Facility" for additional information about the secured revolving credit facility.

Opel/Vauxhall Restructuring Activities

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result, we have decided to fund the requirements of Opel/Vauxhall internally, including any amounts necessary to fund the $1.4 billion in cash required to complete the European restructuring program. Opel/Vauxhall has subsequently withdrawn all applications for government loan guarantees from European governments.

Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

We plan to continue to invest in capital, engineering and innovative fuel efficient powertrain technologies including an extended-range electric vehicle and battery electric vehicles. Our plan also includes aggressive capacity reductions including headcount reductions and the closing of our Antwerp, Belgium facility.

In the year ended December 31, 2010 GME recorded charges for 2010 restructuring programs of $81 million related to separation programs in the U.K. and Germany and an early retirement plan in Spain of $63 million, which will affect 1,200 employees.

In the year ended December 31, 2010 GME recorded charges of $527 million related to a separation plan associated with the closure of the Antwerp, Belgium facility. There were 2,600 employees affected, of which 1,300 separated in June 2010. In addition, GME and employee representatives entered into a Memorandum of Understanding whereby both parties cooperated in a working group, which also included the Flemish government, in order to find an outside investor to acquire and operate the facility. In October 2010 we announced that the search for an investor had been unsuccessful and the vehicle assembly operations in Antwerp, Belgium ceased at the end of 2010.

Increased GMNA Production Volume

The moderate improvement in the U.S. economy, resulting increase in U.S. industry vehicle sales and increase in demand for our products has resulted in increased production volumes for GMNA. In the year ended December 31, 2010 GMNA produced 2.8 million vehicles. This represents an increase of 46.8% compared to 1.9 million vehicles that combined GM and Old GM GMNA produced in the year ended December 31, 2009.

The following table summarizes GMNA's quarterly production volume (in thousands):

	Three Months Ended December 31	Three Months Ended September 30	Three Months Ended June 30	Three Months Ended March 31
GMNA quarterly production volume 2010	703	707	731	668
GMNA quarterly production volume 2009	616	531 (a)	395 (b)	371 (b)
Total GMNA quarterly production volume year- over-year increase	14.1%	33.1%	85.1%	80.1%

(a) Combined GM and Old GM GMNA production volume.

(b) Old GM GMNA production volume.

Increased U.S. Vehicle Sales

GMNA dealers in the U.S. sold 2.2 million vehicles in the year ended December 31, 2010. This represents an increase of 131,000 vehicles (or 6.3%) from our and Old GM's U.S. vehicle sales in the year ended December 31, 2009. This increase reflects our brand rationalization strategy to focus our product engineering and design and marketing on our four brands. This strategy has resulted in increased consumer demand for certain products such as the Chevrolet Equinox, GMC Terrain, Buick LaCrosse and Cadillac SRX.

These four brands accounted for 99.4% of our U.S. vehicle sales in the year ended December 31, 2010. The moderate improvement in the U.S. economy has contributed to a slow but steady improvement in U.S. industry vehicle sales and increased consumer confidence.

The continued increase in U.S. industry vehicle sales and the vehicle sales of our four brands is critical for us to maintain our worldwide profitability.

U.S. Dealer Reduction

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of U.S. dealerships was necessary. In determining which dealerships would remain in our network, we performed analyses of volumes and consumer satisfaction indexes, among other criteria, and over 1,800 U.S. retail dealers signed wind-down agreements effectively terminating their dealer agreements with us on October 31, 2010. Pursuant to legislation passed in December 2009 over 1,100 dealers filed for arbitration seeking reinstatement. In 2010 the arbitration process was resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands. At December 31, 2010 there were 4,500 vehicle dealers in the U.S. compared to 5,600 at December 31, 2009.

Section 136 Loans

Section 136 of the Energy Independence and Security Act of 2007 (EISA) established an incentive program consisting of both grants and direct loans to support the development of advanced technology vehicles and associated components in the U.S. In January 2011 consistent with our strategy to maintain a strong balance sheet by minimizing our financial leverage, we withdrew our $14.4 billion loan application, under Section 136, to the U.S. Department of Energy.

Brand Rationalization

We have focused our resources in the U.S. on four brands. As a result, we completed the sale of Saab Automobile AB (Saab) in February 2010 and the sale of Saab Automobile GB (Saab GB) in May 2010 and have completed the wind down of our Pontiac, Saturn, and HUMMER brands.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of Nexteer included the global steering business which was acquired in October 2009. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia. We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale.

Resolution of Delphi Matters

In October 2009 we consummated the transaction contemplated in the Delphi Master Distribution Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. Under the DMDA, we agreed to acquire Nexteer, which supplies us and other original equipment manufacturers with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. We, along with several third party investors who held the Delphi Tranche DIP Facility (collectively, the Investors), agreed to acquire substantially all of Delphi's remaining assets through New Delphi. Certain excluded assets and liabilities had been retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to its senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with our advance agreements with Delphi, the payment terms acceleration agreement with Delphi and the claims associated with previously transferred pension costs for hourly employees.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the Master Restructuring Agreement with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

In separate agreements, we, Delphi and the Pension Benefit Guarantee Corporation (PBGC) negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain certain obligations relating to Delphi hourly employees to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions and settlements with various represented employee groups are discussed below.

2009 Special Attrition Programs

In 2009 Old GM announced special attrition programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

Global Salaried Workforce Reductions

In 2009 U.S. salaried workforce reductions were accomplished primarily through a salaried retirement program or through a severance program funded from operating cash flows.

Delphi Benefit Guarantee Agreements

The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

U.S. Salaried Benefit Changes

U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 Old GM and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued other postretirement benefits (OPEB) liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred at December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the revised settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the projected benefit obligation (PBO) or accumulated postretirement benefit obligation (APBO) of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the Canadian Auto Workers Union (CAW) had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent Health Care Trust (HCT) to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT, GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities and expenses. As a result, certain financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Therefore, we did not combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to prior periods. For the purpose of the following discussion, we have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined vehicle sales data comparing the Successor and Predecessor periods. Refer to Note 2 to our consolidated financial statements for additional information on fresh-start reporting.

Because our and Old GM's financial information is not comparable, we are providing additional financial metrics for the periods presented in addition to disclosures concerning significant transactions and trends at December 31, 2010 and 2009 and in the periods presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases, sales of parts and accessories and GM Financial's loan purchasing and servicing activities.

Automotive cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit costs, and separation and impairment charges. Prior to our application of fresh-start reporting on July 10, 2009, Automotive cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Automotive selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and non-income based state and local taxes.

Consolidated Results of Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$135,142	$57,329	$ 46,787	$147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (a)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$109,118	$ (30,943)

(a) Includes charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize total production volume and sales of new motor vehicles and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production Volume (a)			
GMNA	2,809	1,913	3,449
GME	1,234	1,106	1,495
GMIO (b)	3,745	2,677	2,335
GMSA	926	807	865
Worldwide	8,714	6,503	8,144

(a) Production volume includes vehicles produced by certain joint ventures.

(b) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle Sales (a)(b)(c)(d)(e)						
GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
GMIO (f)(g)	3,077	8.8%	2,453	8.7%	1,832	7.4%
GMSA	1,026	19.9%	872	20.0%	920	20.7%
Worldwide	8,390	11.4%	7,477	11.6%	8,359	12.3%

(a) Includes HUMMER, Saab, Saturn and Pontiac vehicle sales data.

(b) Our vehicle sales include Saab data through February 2010.

(c) Vehicle sales data may include rounding differences.

(d) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(e) GMNA vehicle sales primarily represent sales to the ultimate customer. GME, GMIO and GMSA vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(f) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(g) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT provides meaningful supplemental information regarding our automotive segments' operating results because it excludes amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT is useful in allowing for greater transparency of our core operations and it is therefore used by management in its financial and operational decision-making.

While management believes that EBIT provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of EBIT may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to common stockholders. Due to these limitations, EBIT is used as a supplement to U.S. GAAP measures.

Management believes income (loss) before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

The following table summarizes the reconciliation of our automotive segments EBIT and GM Financial's income before income taxes to Net income (loss) attributable to stockholders (dollars in millions):

	Successor				Predecessor			
	Year Ended December 31, 2010		July 10, 2009 Through December 31, 2009		January 1, 2009 Through July 9, 2009		Year Ended December 31, 2008	
Automotive								
EBIT								
GMNA (a)	$ 5,748	81.4%	$(4,820)	108.8%	$ (11,092)	74.7%	$(12,203)	85.3%
GME (a)	(1,764)	(25.0)%	(814)	18.4%	(2,815)	19.0%	(2,625)	18.3%
GMIO (a)	2,262	32.0%	789	(17.8)%	(486)	3.3%	(555)	3.9%
GMSA (a)	818	11.6%	417	(9.4)%	(454)	3.0%	1,076	(7.5)%
Total automotive EBIT	7,064	100%	(4,428)	100%	(14,847)	100%	(14,307)	100%
Corporate and eliminations (b)	284		(359)		128,044		(13,000)	
Interest income	465		184		183		655	
Automotive interest expense	1,098		694		5,428		2,525	
Income tax expense (benefit)	672		(1,000)		(1,166)		1,766	
Automotive Financing								
GM Financial income before income taxes	129		—		—		—	
Net income (loss) attributable to stockholders	$ 6,172		$(4,297)		$109,118		$(30,943)	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor					
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended 2010 vs. 2009 Change Amount	%	Year Ended 2009 vs. 2008 Change Amount	%
GMNA	$ 83,035	$ 56,617	$32,426	$24,191	$ 86,187	$26,418	46.7%	$(29,570)	(34.3)%
GME	24,076	24,031	11,479	12,552	34,647	45	0.2%	(10,616)	(30.6)%
GMIO	21,470	14,785	8,567	6,218	24,050	6,685	45.2%	(9,265)	(38.5)%
GMSA	15,379	13,135	7,399	5,736	14,522	2,244	17.1%	(1,387)	(9.6)%
GM Financial	281	—	—	—	—	281	n.m.	—	n.m.
Total operating segments	144,241	108,568	59,871	48,697	159,406	35,673	32.9%	(50,838)	(31.9)%
Corporate and eliminations	(8,649)	(3,979)	(2,397)	(1,582)	(10,427)	(4,670)	(117.4)%	6,448	61.8 %
Total net sales and revenue	$135,592	$104,589	$57,474	$47,115	$148,979	$31,003	29.6%	$(44,390)	(29.8)%

n.m. = not meaningful

In the year ended December 31, 2010 Total net sales and revenue increased by $31.0 billion (or 29.6%), primarily due to: (1) increased wholesale sales volume of $19.8 billion in GMNA due to an improving economy and recent vehicle launches; (2) increased wholesale volumes of $3.9 billion in GMIO due to an improving global economy and recent vehicle launches; (3) favorable vehicle pricing effect of $2.9 billion in GMNA due to lower sales allowances, partially offset by less favorable adjustments for U.S. residual support programs for leased vehicles; (4) increased wholesale volumes of $2.2 billion in GMSA driven by launches of the Chevrolet Cruze and Chevrolet Spark; (5) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales in GMNA; (6) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar in GMSA; (7) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities in GMNA; (8) favorable net foreign currency translation effect of $0.9 billion in GMIO; (9) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles in GMIO; (10) favorable net foreign currency remeasurement effect of $0.8 billion in GMNA; (11) derivative losses of $0.8 billion in 2009, that did not recur in 2010, primarily driven by the depreciation of the Korean Won against the U.S. Dollar in GMIO; (12) favorable vehicle mix of $0.5 billion in GME; (13) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva in GME; (14) favorable vehicle pricing effect of $0.3 billion primarily in Venezuela driven by the hyperinflationary economy in GMSA; (15) increased revenues from OnStar of $0.3 billion in GMNA; and (16) finance charge income of $0.3 billion due to the acquisition of AmeriCredit.

These increases in Total net sales and revenue were partially offset by: (1) devaluation of the BsF in Venezuela of $0.9 billion in GMSA; (2) unfavorable net foreign currency translation effect of $0.7 billion in GME; (3) unfavorable vehicle mix of $0.4 billion in GMSA; and (4) decreased lease financing revenues of $0.3 billion related to the liquidation of the portfolio of automotive leases.

In the year ended December 31, 2009 Total net sales and revenue decreased by $44.4 billion (or 29.8%) primarily due to: (1) decreased revenue of $36.7 billion in GMNA related to volume reductions; (2) decrease in domestic wholesale volumes and lower exports of $9.1 billion in GMIO; (3) decreased domestic wholesale volumes of $4.8 billion in GME; (4) unfavorable foreign currency translation effect and transaction losses of $3.7 billion in GME, primarily due to the strengthening of the U.S. Dollar versus the Euro; (5) decreased wholesale volumes of $2.2 billion in GMSA; (6) decreased revenue of $1.2 billion in GME related to Saab; (7) unfavorable net foreign currency effect of $1.0 billion in GMIO; (8) decreased powertrain and parts and accessories revenue of $0.8 billion in GME; and (9) decreased lease financing revenue of $0.7 billion related to the continued liquidation of the portfolio of automotive retail leases.

These decreases in Total net sales and revenue were partially offset by: (1) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion in GMNA; (2) favorable vehicle mix of $2.8 billion in GMNA; (3) favorable vehicle pricing of

$1.3 billion in GME; (4) decreased derivative losses of $0.9 billion in GMIO; (5) favorable pricing of $0.4 billion in GMSA, primarily due to a 60% price increase in Venezuela due to high inflation; and (6) favorable vehicle mix of $0.3 billion in GMIO driven by launches of new vehicle models at GM Daewoo.

Automotive Cost of Sales

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotives sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive cost of sales	$118,792	87.9%	$56,381	98.3%	$55,814	119.3%	$149,257	101.0%
Automotive gross margin	$ 16,350	12.1%	$ 948	1.7%	$ (9,027)	(19.3)%	$ (1,525)	(1.0)%

GM

In the year ended December 31, 2010 Automotive cost of sales included: (1) restructuring charges of $0.8 billion in GME primarily for separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) foreign currency remeasurement losses of $0.5 billion in GMNA; (3) charges of $0.2 billion for a recall campaign on windshield fluid heaters in GMNA; (4) impairment charges related to product-specific tooling assets of $0.2 billion in GMNA; partially offset by (5) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization in GMNA; and (6) foreign currency transaction gains of $0.3 billion in GMSA.

In the period July 10, 2009 through December 31, 2009 Automotive cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of the UAW hourly retiree medical plan and Mitigation Plan in GMNA; (2) foreign currency remeasurement losses of $1.3 billion in GMNA; partially offset by (3) favorable adjustments of $0.7 billion in GMNA, $0.5 billion in GME and $0.1 billion in GMIO due to the sell through of inventory acquired from Old GM at July 10, 2009; and (4) foreign currency transaction gains of $0.5 billion primarily in Corporate.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive cost of sales included: (1) incremental depreciation charges of $2.1 billion in GMNA and $0.7 billion in GME; (2) a curtailment loss of $1.4 billion upon the interim remeasurement of the U.S. hourly defined benefit pension plans in GMNA; (3) separation program charges and Canadian restructuring activities of $1.1 billion in GMNA; (4) charges of $0.8 billion primarily related to the deconsolidation of Saab; (5) foreign currency translation and remeasurement losses of $0.7 billion in GMNA; (6) impairment charges of $0.4 billion in GMNA and $0.2 billion in GME primarily for product-specific tooling; (7) foreign currency transaction losses of $0.5 billion in GMSA; (8) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives in GMNA; (9) a charge of $1.1 billion related to the Supplemental Unemployment Benefit (SUB) and the Transitional Support Program (TSP), partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program, Old GM's job security provision of the collective bargaining agreement with the UAW to continue paying idled employees certain wages and benefits in GMNA; and (10) charges of $0.3 billion related to obligations associated with various Delphi agreements in GMNA.

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected sales volumes at historically low levels and Automotive cost of sales, including costs that are fixed in nature, exceeding Total net sales and revenue.

In the year ended December 31, 2008 Automotive cost of sales included: (1) restructuring charges and other costs of $6.0 billion related to Old GM's special attrition programs in GMNA; (2) expenses of $1.7 billion related to the salaried post-65 healthcare settlement in GMNA; (3) impairment charges of $0.5 billion in GME and $0.4 billion in GMNA primarily related to product-specific tooling; (4) commodity and foreign currency exchange derivative losses of $0.8 billion in GMNA; (5) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW in GMNA; (6) restructuring charges of $0.3 billion related to separation programs announced in Belgium, France, Germany and the United Kingdom in GME; (7) foreign currency transaction losses of $0.3 billion in GMSA primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; partially offset by (8) net curtailment gain of $4.9 billion in GMNA related to the February 2008 Settlement Agreement for the UAW hourly medical plan; and (9) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar in GMNA.

Automotive Selling, General and Administrative Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive selling, general and administrative expense	$11,446	8.5%	$6,006	10.5%	$6,161	13.2%	$14,253	9.6%

GM

In the year ended December 31, 2010 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $5.1 billion to support media campaigns for our products, including expenses in GMNA of $3.4 billion, in GME of $0.8 billion, in GMIO of $0.6 billion and in GMSA of $0.3 billion; (2) administrative expenses of $4.4 billion, including expenses in GMNA of $2.0 billion, in GMIO of $0.8 billion, in GME of $0.6 billion and in GMSA of $0.5 billion; and (3) selling and marketing expenses of $1.4 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.5 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $2.5 billion to support media campaigns for our products, including expenses in GMNA of $1.7 billion, in GME of $0.4 billion, in GMIO of $0.3 billion and in GMSA of $0.1 billion; (2) administrative expenses of $2.6 billion, including expenses in GMNA of $1.1 billion, in GMIO of $0.5 billion, in GME of $0.3 billion and in GMSA of $0.2 billion; and (3) selling and marketing expenses of $1.0 billion primarily to support our dealerships including expenses in GMNA of $0.6 billion, in GME of $0.3 billion, in GMIO of $0.1 billion and in GMSA of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive selling, general and administrative expense included: (1) charges of $0.5 billion recorded for dealer wind-down costs in GMNA; and (2) a curtailment loss of $0.3 billion upon the interim remeasurement of the U.S. salary defined benefit pension plan as a result of global salary workforce reductions. This was partially offset by the positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as a result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing budgets.

In the year ended December 31, 2008 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $6.3 billion to support media campaigns for our products, including expenses in GMNA of $4.0 billion, in GME of $1.3 billion, in GMIO of $0.8 billion and in GMSA of $0.2 billion; (2) administrative expenses of $5.8 billion, including expenses in GMNA of $2.8 billion, in GMIO of $0.9 billion, in GME of $0.7 billion and in GMSA of $0.4 billion; and (3) selling and marketing expenses of $1.9 billion primarily to support our dealerships including expenses in GMNA of $0.9 billion, in GME of $0.7 billion, in GMIO of $0.2 billion and in GMSA of $0.1 billion.

Other Automotive Expenses, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of total net sales and revenue
Other automotive expenses, net	$118	0.1%	$15	—%	$1,235	2.6%	$6,699	4.5%

GM

In the year ended December 31, 2010 Other automotive expenses, net included primarily depreciation expense of $0.1 billion related to our portfolio of automotive retail leases.

In the period July 10, 2009 through December 31, 2009 Other automotive expenses, net included: (1) depreciation expense and realized losses of $89 million related to the portfolio of automotive retail leases; (2) pension management expenses of $38 million; (3) interest expense related to our dealer financing program of $13 million; partially offset by (3) gains in GME for changes in liabilities related to Saab of $60 million; (4) recovery of amounts written off of $51 million related to the portfolio of automotive retail leases; and (5) gain on sale of vehicles of $19 million related to the portfolio of automotive retail leases.

Old GM

In the period January 1, 2009 through July 9, 2009 Other automotive expenses, net included: (1) charges of $0.8 billion in GME, primarily related to the deconsolidation of Saab; (2) charges of $0.2 billion related to Delphi; and (3) depreciation expense of $0.1 billion related to the portfolio of automotive retail leases.

In the year ended December 31, 2008 Other automotive expenses, net included: (1) charges related to the Delphi Benefit Guarantee Agreements of $4.8 billion; (2) depreciation expense of $0.7 billion related to the portfolio of automotive retail leases; (3) Goodwill impairment charges of $0.6 billion; (4) operating expenses of $0.4 billion related to the portfolio of automotive retail leases; and (5) interest expense of $0.1 billion.

Equity in Income (Loss) of and Disposition of Interest in Ally Financial

	Predecessor			
	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Equity in income (loss) of and disposition of interest in Ally Financial	$(1,097)	(2.3)%	$ 916	0.6%
Gain on conversion of UST Ally Financial Loan	2,477	5.3%	—	—%
Impairment charges related to Ally Financial Common Membership Interests	—	—%	(7,099)	(4.8)%
Total equity in income (loss) of and disposition of interest in Ally Financial	$ 1,380	2.9%	$(6,183)	(4.2)%

Old GM

In the period January 1, 2009 through July 9, 2009 Equity in loss of and disposition of interest in Ally Financial included: (1) Gain of $2.5 billion recorded on the UST's conversion of the UST Ally Financial Loan for Class B Membership Interests in Ally Financial; partially offset by (2) Old GM's proportionate share of Ally Financial's loss from operations on $1.1 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

In the year ended December 31, 2008 Equity in loss of and disposition of interest in Ally Financial included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial Common Membership Interests; partially offset by (2) Old GM's proportionate share of Ally Financial's income from operations of $0.9 billion.

Automotive Interest Expense

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Automotive sales	July 10, 2009 Through December 31, 2009	Percentage of Automotive sales	January 1, 2009 Through July 9, 2009	Percentage of Automotive sales	Year Ended December 31, 2008	Percentage of Automotive sales
Automotive interest expenses	$(1,098)	0.8%	$(694)	1.2%	$(5,428)	11.6%	$(2,525)	1.7%

GM

In the year ended December 31, 2010 Automotive interest expense included: (1) interest expense of $0.4 billion on GMIO and GMSA debt; (2) interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes; and (3) interest expense of $0.3 billion on GMNA debt.

In the period July 10, 2009 through December 31, 2009 Automotive interest expense included interest expense of $0.3 billion on the UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive interest expense included: (1) amortization of discounts related to the UST Loan, EDC Loan, and DIP Facilities of $3.7 billion; and (2) interest expense of $1.7 billion primarily related to interest expense of $0.8 billion on unsecured debt balances, $0.4 billion on the UST Loan Facility and $0.2 billion on GMIO and GMSA debt. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009, the date of its Chapter 11 Proceedings.

In the year ended December 31, 2008 Automotive interest expense included: (1) interest expense of $1.6 billion on Old GM's unsecured bonds; (2) interest expense of $0.4 billion Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure; and (3) interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan.

Interest Income and Other Non-Operating Income, net

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
Interest income and other non-operating income, net	$1,555	1.1%	$440	0.8%	$852	1.8%	$424	0.3%

GM

In the year ended December 31, 2010 Interest income and other non-operating income, net included; (1) interest income earned from investments of $0.5 billion; (2) dividends and royalties of $0.2 billion; (3) rental income of $0.2 billion; (4) reversal of liability related to the Adjustment Shares of $0.2 billion; (5) gain on sale of Saab of $0.1 billion; (6) gain on sale of Nexteer of $0.1 billion; (7) gain on bargain purchase and the fair value of the recognizable assets acquired and liabilities assumed of $0.1 billion related to the acquisition of GM Strasbourg (GMS); (8) gain on derivatives of $0.1 billion; and (8) Ally Financial exclusivity fee of $0.1 billion in GMNA.

In the period July 10, 2009 through December 31, 2009 Interest income and other non-operating income, net included: (1) gains on foreign currency exchange derivatives of $0.3 billion; (2) interest income earned from investments of $0.2 billion; (3) net rental and royalty income of $0.2 billion in GMNA; partially offset by (4) liability recorded related to the Adjustment Shares of $0.2 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Interest income and other non-operating income, net included: (1) interest income of $0.2 billion earned from investments; (2) gains on derivatives of $0.2 billion related to the return of warrants issued to the UST; (3) gains on foreign currency exchange derivatives of $0.1 billion; (4) dividends on the investment in Ally Financial Preferred Membership Interests of $0.1 billion; (5) net rental income of $0.1 billion in GMNA; (6) royalty income of $0.1 billion in GMNA; and (7) Ally Financial exclusivity fee income of $0.1 billion in GMNA.

In the year ended December 31, 2008 Interest income and other non-operating income, net included: (1) interest income earned from investments of $0.7 billion; (2) rental income of $0.2 billion; (3) dividends and royalties of $0.2 billion; (4) Ally Financial exclusivity fee income of $0.1 billion in GMNA; partially offset by (5) impairment charge of $1.0 billion related to our investment in Ally Financial Preferred Membership Interests.

Gain (Loss) on Extinguishment of Debt

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) on extinguishment of debt	$196	$(101)	$(1,088)	$43

GM

In the year ended December 31, 2010 Gain (loss) on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Loss on extinguishment of debt included a loss of $2.0 billion related to the UST exercising its option to convert outstanding amounts of the UST Ally Financial Loan into shares of Ally Financial's Class B Common Membership Interests. This loss was partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan.

In the year ended December 31, 2008 Gain (loss) on extinguishment of debt included a gain of $43 million resulting from a settlement gain recorded for the issuance of 44 million shares of common stock in exchange for $498 million principal amount of Old GM's Series D debentures, which were retired and canceled.

Reorganization gains, net

	Predecessor
	January 1, 2009 Through July 9, 2009
Reorganization gains, net	$128,155

Old GM

In the period January 1, 2009 through July 9, 2009 Reorganization gains, net included: (1) the gain on conversion of debt of $37.5 billion; (2) the change in net assets resulting from the application of fresh-start reporting of $33.8 billion; (3) the gain from the settlement of net liabilities retained by MLC of $25.2 billion; and (4) the fair value of Series A Preferred stock, common shares and warrants issued in connection with the 363 Sale of $20.5 billion.

Income Tax Expense (Benefit)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income tax expense (benefit)	$672	$(1,000)	$(1,166)	$1,766

GM

In the year ended December 31, 2010 Income tax expense of $0.7 billion primarily resulted from current and deferred income tax provisions of $0.6 billion for profitable entities without valuation allowances, $0.3 billion withholding taxes and taxable foreign exchange gain in Venezuela, partially offset by $0.3 billion settlement of uncertain tax positions and reversal of valuation allowances.

In the period July 10, 2009 through December 31, 2009 Income tax benefit of $1.0 billion primarily resulted from a $1.4 billion income tax allocation between operations and Other comprehensive income, partially offset by income tax provisions of $0.3 billion for profitable entities without valuation allowances. Our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, primarily due to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax benefit of $1.2 billion primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion with the U.S. and Canadian governments, partially offset by income tax provisions for profitable entities without valuation allowances.

In the year ended December 31, 2008 Income tax expense of $1.8 billion primarily resulted from the recording of valuation allowances of $1.9 billion against deferred tax assets in South Korea, the United Kingdom, Spain, Australia, Texas and various non-U.S. jurisdictions.

Equity Income, net of tax

	Successor				Predecessor			
	Year Ended December 31, 2010	Percentage of Total net sales and revenue	July 10, 2009 Through December 31, 2009	Percentage of Total net sales and revenue	January 1, 2009 Through July 9, 2009	Percentage of Total net sales and revenue	Year Ended December 31, 2008	Percentage of Total net sales and revenue
China JVs	$1,297	1.0%	$460	0.8%	$ 300	0.6%	$ 315	0.2%
Other equity interests	$ 141	0.1%	$ 37	0.1%	$(239)	(0.5)%	$(129)	(0.1)%
Total equity income, net of tax	$1,438	1.1%	$497	0.9%	$ 61	0.1%	$ 186	0.1%

GM

In the year ended December 31, 2010 Equity income, net of tax included equity income of $1.3 billion related to our China JVs, primarily SGM and SGMW and equity income of $0.1 billion related to New Delphi.

In the period July 10, 2009 through December 31, 2009 equity income, net of tax included equity income of $0.5 billion related to our China JVs, primarily SGM and SGMW.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax included equity income of $0.3 billion related to our China JV's, primarily SGM and SGMW partially offset by equity losses of $0.2 billion primarily related to impairment charges at NUMMI and our proportionate share of losses at CAMI.

In the year ended December 31, 2008 Equity income, net of tax included equity income of $0.3 billion related to our China JVs, primarily SGM and SGMW partially offset by equity losses of $0.1 billion primarily related to our investments in NUMMI and CAMI.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in Millions, Except Share Amounts)

	Successor	
	December 31, 2010	**December 31, 2009**
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$138,898	$136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$138,898	$136,295

Automotive

Current Assets

At December 31, 2010 Marketable securities of $5.6 billion increased by $5.4 billion due to investments in securities with maturities exceeding 90 days reflecting our improved liquidity and cash position.

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $12.7 billion (or 91.1%) primarily due to: (1) UST escrow funds of $6.6 billion became unrestricted upon our repayment of the UST Loans and Canadian Loan; (2) release of $4.7 billion from our UST escrow funds to repay the UST Loans; and (3) release of $1.2 billion from our UST escrow funds for quarterly payments on the UST Loans and Canadian Loan.

At December 31, 2010 Accounts and notes receivable of $8.7 billion increased by $1.2 billion (or 15.7%) primarily due to higher sales volumes in all regions.

At December 31, 2010 Inventories of $12.1 billion increased by $2.0 billion (or 20.0%) primarily due to increased production resulting from higher demand for our products and new product launches.

At December 31, 2010 Assets held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010.

At December 31, 2010 Equipment on operating leases, net of $2.6 billion decreased by $0.2 billion (or 5.8%) due to: (1) a decrease of $0.3 billion due to the continued liquidation of our portfolio of automotive retail leases; (2) a decrease of $0.1 billion in GME due to overall volume decreases in Germany; partially offset by (3) an increase of $0.2 billion in GMNA, primarily related to vehicles leased to daily rental car companies (vehicles leased to U.S. daily rental car companies increased to 118,000 vehicles at December 31, 2010 from 97,000 vehicles at December 31, 2009).

Non-Current Assets

At December 31, 2010 Restricted cash and marketable securities of $1.2 billion decreased by $0.3 billion (or 22.1%) primarily due to a reduction in required cash collateral arrangements as a result of our improved credit conditions compared to December 31, 2009.

At December 31, 2010 Equity in net assets of nonconsolidated affiliates of $8.5 billion increased by $0.6 billion (or 7.5%) due to: (1) equity income of $1.4 billion in the year ended December 31, 2010, primarily related to our China JVs; (2) investment of $0.4 billion in SGMW; (3) investment of $0.2 billion in SAIC GM Investment Limited (HKJV); partially offset by (4) dividends received or declared of $1.2 billion, primarily related to our China JVs; (5) a decrease of $0.2 billion related to the sale of our 50% interest in a joint venture; and (6) a decrease of $0.1 billion related to the sale of a 1% ownership interest in SGM to SAIC.

At December 31, 2010 Property, net of $19.2 billion increased by $0.5 billion (or 2.9%) primarily due to: (1) capital expenditures, of $4.2 billion; (2) accruals and capital leases of $0.5 billion; partially offset by (2) depreciation of $3.8 billion; (3) decreases associated with disposals of businesses of $0.3 billion; and (4) unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Goodwill of $30.5 billion decreased by $0.2 billion (or 0.5%) primarily due to unfavorable foreign currency translation effect in GME resulting from the Euro weakening against the U.S. dollar.

At December 31, 2010 Intangible assets, net of $11.9 billion decreased by $2.7 billion (or 18.3%) primarily due to amortization of $2.6 billion and foreign currency translation of $0.1 billion.

At December 31, 2010 Deferred income taxes of $0.3 billion decreased by $0.3 billion (or 45.4%) primarily due to reclassifications of deferred tax assets and changes in the allocation of valuation allowances resulting from underlying changes in the timing of tax deductions.

At December 31, 2010 Assets held for sale were reduced to $0 from $0.5 billion at December 31, 2009 due to the sale of certain of our India operations (GM India) in February 2010. We classified these Assets held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 Other assets of $3.3 billion increased by $0.7 billion (or 25.3%) primarily due to: (1) increase of $0.3 billion in long-term notes receivable resulting primarily from the sale of GM India of $0.2 billion; (2) increase of $0.1 billion due to capitalization of debt issuance costs associated with the secured revolving credit facility; and (3) increase of $0.1 billion due to amounts paid into insurance funds for employees in early retirement programs.

Current Liabilities

At December 31, 2010 Accounts payable of $21.5 billion increased by $2.8 billion (or 14.8%) primarily due to higher payables for materials due to increased production volumes.

At December 31, 2010 Short-term debt and current portion of long-term debt of $1.6 billion decreased by $8.6 billion (or 84.2%) primarily due to: (1) repayment of the UST Loans and Canadian Loan of $7.0 billion; (2) repayment of the GM Daewoo credit facility of $1.2 billion; and (3) a net change in other obligations of $0.4 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.4 billion at December 31, 2009 due to the sale of Saab in February 2010 and the sale of Saab GB in May 2010 to Spyker Cars NV.

At December 31, 2010 Accrued liabilities of $23.4 billion increased by $1.1 billion (or 5.1%) primarily due to: (1) increase in GMNA due to higher customer deposits related to the increased number of vehicles leased to daily rental car companies of $0.5 billion; (2) increase due to tax related accruals reclassified from non-current to current of $0.3 billion; and (3) other miscellaneous accruals of $0.3 billion.

Non-Current Liabilities

At December 31, 2010 Long-term debt of $3.0 billion decreased by $2.5 billion (or 45.8%), primarily due to the repayment in full of the VEBA Notes composed of the outstanding amount (together with accreted interest thereon) of $2.8 billion and resulting gain of $0.2 billion, partially offset by additional net borrowings of $0.4 billion and unfavorable foreign currency translation effect of $0.1 billion.

At December 31, 2010 Liabilities held for sale were reduced to $0 from $0.3 billion at December 31, 2009 due to the sale of GM India in February 2010. We classified these Liabilities held for sale as long-term at December 31, 2009 because we received a promissory note in exchange for GM India that does not convert to cash within one year.

At December 31, 2010 our Postretirement benefits other than pensions liability of $9.3 billion increased by $0.6 billion (or 6.7%) primarily due to year-end remeasurement effects of $0.4 billion driven by discount rate reductions in the valuation assumptions and unfavorable foreign currency translation effect of $0.2 billion due to the strengthening of the Canadian dollar against the U.S dollar.

At December 31, 2010 our Pensions liability of $21.9 billion decreased by $5.2 billion (or 19.2%) primarily due to net contributions and benefit payments of $4.9 billion and favorable foreign currency translation effect of $0.3 billion. Gains from asset returns greater than expected were primarily offset by actuarial losses from discount rate decreases.

At December 31, 2010 Other liabilities and deferred income taxes of $13.0 billion decreased by $0.3 billion (or 1.9%) primarily due to: (1) decrease in plant closing liability in GMNA due to payments made in 2010 and employee related adjustments of $0.4 billion; (2) decrease due to tax related accruals classified to current of $0.3 billion; partially offset by (3) increase in deferred taxes of $0.4 billion.

Automotive Financing

Total GM Financial Assets

At December 31, 2010 Total GM Financial Assets of $10.9 billion was primarily composed of net automotive finance receivables of $8.2 billion, Goodwill of $1.3 billion related to the acquisition of AmeriCredit, including amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis and restricted cash of $1.1 billion associated with GM Financial's credit facilities and securitization notes payable.

Total GM Financial Liabilities

At December 31, 2010 Total GM Financial Liabilities of $7.4 billion was primarily composed of securitization notes payable of $6.1 billion issued in the asset backed securities market and advances on credit facilities of $0.8 billion.

GM North America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$83,035	$32,426	$ 24,191	$ 86,187
Income (loss) attributable to stockholders before interest and income taxes	$ 5,748	$ (4,820)	$(11,092)	$(12,203)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009 (a)	Year Ended December 31, 2008 (a)
Production volume			
Cars	977	727	1,543
Trucks	1,832	1,186	1,906
Total	2,809	1,913	3,449

(a) Production volume includes vehicles produced by certain joint ventures.

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GMNA	2,625	18.2%	2,484	18.9%	3,565	21.5%
Total U.S.	2,215	18.8%	2,084	19.7%	2,981	22.1%
U.S. — Cars	807	14.3%	874	16.3%	1,257	18.6%
U.S. — Trucks	1,408	23.0%	1,210	23.1%	1,723	25.5%
Canada	247	15.6%	254	17.1%	359	21.4%
Mexico	156	18.3%	138	17.9%	212	19.8%

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at time of delivery to the daily rental car companies.

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
GMNA vehicle sales by brand (a)(b)(c)(d)(e)			
Buick	168	111	154
Cadillac	156	115	170
Chevrolet	1,866	1,601	2,158
GMC	411	317	438
Other — Opel	1	1	2
Total core brands	2,602	2,145	2,922
HUMMER	4	11	30
Pontiac	12	238	383
Saab	1	10	23
Saturn	7	81	207
Total other brands	24	339	643
GMNA total	2,625	2,484	3,565

(a) Vehicle sales primarily represent sales to the ultimate customer.

(b) Includes HUMMER, Saturn and Pontiac vehicle sales data.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMNA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$83,035	$56,617	$32,426	$24,191	$86,187	$26,418	46.7%	$(29,570)	(34.3)%

In the year ended December 31, 2010 Total net sales and revenue increased by $26.4 billion (or 46.7%) primarily due to: (1) increased wholesale volumes of $19.8 billion representing 873,000 vehicles (or 42.7%) due to an improving economy and successful recent vehicle launches of the Chevrolet Equinox, Chevrolet Cruze, GMC Terrain, Buick LaCrosse and Cadillac SRX; (2) favorable pricing of $2.9 billion due to decreased sales allowances partially offset by less favorable adjustments in the U.S. to the accrual for U.S. residual support programs for leased vehicles of $0.4 billion (favorable of $0.7 billion in 2010 compared to favorable of $1.1 billion in 2009); (3) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales; (4) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (5) favorable net foreign currency remeasurement effect of $0.8 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; and (6) increased revenues from OnStar of $0.3 billion primarily due to increased volumes.

In the year ended December 31, 2009 Total net sales and revenue decreased by $29.6 billion (or 34.3%) primarily due to: (1) decreased revenue of $36.7 billion related to volume reductions; partially offset by (2) improved pricing, lower sales incentives and improved lease residuals of $5.4 billion; and (3) favorable vehicle mix of $2.8 billion. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates and a recession in North America, Old GM's well publicized liquidity issues and Chapter 11 Proceedings; partially offset by improved vehicle sales related to the CARS program and an increase in dealer showroom traffic and related vehicle sales in response to our new 60-Day satisfaction guarantee program.

GMNA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$5,748	$(4,820)	$(11,092)	$(12,203)

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate (SAAR)) and market share. While not as significant as industry volume and market share, another factor affecting GMNA profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Contribution margin is a key indicator of product profitability. Contribution margin is defined as revenue less material cost, freight, and policy and warranty expense. Vehicles with higher selling prices generally have higher contribution margins. Trucks currently have a contribution margin of approximately 140% of our portfolio on a weighted-average basis. Crossover vehicles' contribution margins are in line with the overall portfolio on a weighted-average basis, and cars are approximately 60% of the portfolio on a weighted-average basis. As such, a sudden shift in consumer preference from trucks to cars would have an unfavorable effect on GMNA's EBIT and breakeven point. For example, a shift in demand such that industry market share for trucks deteriorated 10 percentage points and industry market share for cars increased by 10 percentage points, holding other variables constant, would have increased GMNA's breakeven point for the year ended December 31, 2010, as measured in terms of GMNA factory unit sales, by 200,000 vehicles. For the year ended December 31, 2010 our U.S. car market share was 14.3% and our U.S. truck market share was 23.0%. We continue to strive to achieve a product portfolio with more balanced contribution margins and less susceptibility to shifts in consumer demand.

GM

In the year ended December 31, 2010 EBIT was $5.7 billion and included: (1) favorable adjustments of $0.4 billion to restructuring reserves primarily due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives; offset by (2) advertising and sales promotion expenses of $3.4 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.0 billion; (4) selling and marketing expenses of $0.6 billion related to our dealerships; (5) foreign currency remeasurement losses of $0.5 billion primarily driven by the strengthening of the Canadian Dollar against the U.S. Dollar; (6) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (7) impairment charges related to product-specific tooling assets of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $4.8 billion and included: (1) settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan and Mitigation Plan; (2) foreign currency remeasurement losses of $1.3 billion driven by the general strengthening of the Canadian Dollar versus the U.S. Dollar; (3) charges of $0.3 billion related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealerships network were terminated; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.7 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $11.1 billion and included: (1) incremental depreciation charges of $2.1 billion recorded by Old GM prior to the 363 Sale for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained; (2) curtailment loss of $1.7 billion upon the interim remeasurement of the U.S. hourly and U.S. salaried defined benefit pension plans as a result of the 2009 Special Attrition Programs and salaried workforce reductions; (3) U.S. hourly and salary separation program charges and Canadian restructuring activities of $1.1 billion; (4) foreign currency remeasurement losses of $0.7 billion driven by the general strengthening of the Canadian Dollar against the U.S. Dollar; (5) charges of $0.5 billion incurred for dealer wind-down costs; (6) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (7) a charge of $1.1 billion related to the SUB and TSP, partially offset by a favorable adjustment of $0.7 billion primarily related to the suspension of the JOBS Program; (8) charges of $0.4 billion primarily for impairments for special-tooling and product related machinery and equipment; (9) charges of $0.3 billion related to obligations associated with various Delphi agreements; and (10) equity losses of $0.3 billion related to impairment charges at NUMMI and our proportionate share of losses at CAMI. MLC retained the investment in NUMMI, and CAMI has been consolidated since March 1, 2009.

In the year ended December 31, 2008 EBIT was a loss of $12.2 billion and included: (1) charges of $6.0 billion related to restructuring and other costs associated with Old GM's special attrition programs; (2) advertising and sales promotion expenses of $4.0 billion primarily to support media campaigns for our products; (3) administrative expenses of $2.8 billion; (4) expenses of $1.7 billion related to the salaried post-65 healthcare settlement; (5) selling and marketing expenses of $0.9 billion related to our dealerships; (6) losses of $0.8 billion related to commodity and foreign currency exchange derivatives; (7) impairment charges related to product-specific tooling assets of $0.4 billion; and (8) charges of $0.3 billion associated with the finalization of Old GM's negotiations with the CAW partially offset by (9) net curtailment gain of $4.9 billion related to the 2008 UAW Settlement Agreement; and (10) foreign currency remeasurement gains of $2.1 billion driven by the weakening of the Canadian Dollar against the U.S. Dollar.

GM Europe
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$24,076	$11,479	$12,552	$34,647
Loss attributable to stockholders before interest and income taxes	$ (1,764)	$ (814)	$ (2,815)	$ (2,625)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	1,234	1,106	1,495

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)						
Total GME	1,662	8.8%	1,668	8.9%	2,043	9.3%
Germany	269	8.4%	382	9.4%	300	8.8%
United Kingdom	290	12.7%	287	12.9%	384	15.4%
Italy	170	7.9%	189	8.0%	202	8.3%
Russia	159	8.0%	142	9.4%	338	11.2%
Uzbekistan	145	97.1%	103	95.8%	20	18.8%
France	123	4.6%	119	4.4%	114	4.4%
Spain	100	8.9%	94	8.7%	107	7.8%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(c) Our vehicle sales include Saab data through February 2010.

(d) Vehicle sales data may include rounding differences.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GME Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor					
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Year Ended 2010 vs. 2009 Change Amount	%	Year Ended 2009 vs. 2008 Change Amount	%
Total net sales and revenue	$24,076	$24,031	$11,479	$12,552	$34,647	$45	0.2%	$(10,616)	(30.6)%

In the year ended December 31, 2010 Total net sales and revenue increased by $45 million (or 0.2%) primarily due to: (1) increased wholesale volumes of $0.5 billion representing 38,000 vehicles (or 3.1%) primarily due to 31,000 Buick Regals exported to the U.S., and increases in Turkey by 17,000 vehicles (or 68.9%), in Russia by 14,000 vehicles (or 48.9%), in the United Kingdom by 13,000 vehicles (or 5.0%), in the Netherlands by 12,000 vehicles (or 37.8%), in Portugal by 11,000 vehicles (or 103.0%), in Italy by 11,000 (or 9.0%), partially offset by a decrease in Germany of 113,000 vehicles (or 33.0%) driven by the end of the government subsidies program. The net wholesale volume increase was offset by a decrease in wholesale volumes throughout the region of $0.5 billion representing 17,000 vehicles due to the sale of Saab in February 2010; (2) favorable vehicle mix of $0.5 billion primarily due to the Opel Insignia and increased sales of other higher priced vehicles; (3) favorable vehicle pricing effect of $0.5 billion driven by launches of the Opel Astra and Opel Meriva; partially offset by (4) unfavorable net foreign currency translation effect of $0.7 billion, primarily due to the weakening of the Euro and British Pound against the U.S. Dollar; and (5) lower volumes of rental car activity and subsequent repurchases sold at auction of $0.2 billion.

In the year ended December 31, 2009 Total net sales and revenue decreased by $10.6 billion (or 30.6%) primarily due to: (1) decreased wholesale volumes of $4.8 billion representing 405,000 vehicles (or 24.8%) primarily due to decreases in the United Kingdom by 99,000 vehicles (or 26.7%), in Russia by 69,000 vehicles (or 70.2%), in Italy by 25,000 vehicles (or 16.8%), and exports to the U.S. by 33,000 vehicles (or 94.4%), partially offset by an increase in Germany by 65,000 vehicles (or 23.4%) driven by the government subsidy program. The decrease in vehicle sales volumes was primarily due to tight credit markets, increased unemployment rates, a recession in many international markets, Old GM's well publicized liquidity issues and Chapter 11 Proceedings and the announcement that Old GM was seeking a majority investor in Adam Opel; (2) unfavorable net foreign currency translation and transaction effect of $3.7 billion driven primarily by the strengthening of the U.S. Dollar against the Euro; (3) decreased sales revenue at Saab of $1.2 billion; (4) decreased powertrain and parts and accessories revenue of $0.8 billion; partially offset by (5) favorable vehicle pricing effect of $1.3 billion.

GME Loss Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Loss attributable to stockholders before interest and income taxes	$(1,764)	$(814)	$(2,815)	$(2,625)

GM

In the year ended December 31, 2010 EBIT was a loss of $1.8 billion and included: (1) restructuring charges of $0.8 billion primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom; (2) advertising and sales promotion expenses of $0.8 billion primarily related to support media campaigns for our products; (3) administrative expense of $0.6 billion; and (4) selling and marketing expenses of $0.5 billion related to our dealerships.

In the period July 10, 2009 through December 31, 2009 EBIT was a loss of $0.8 billion and included: (1) advertising and sales promotion expenses of $0.4 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.3 billion; (3) selling and marketing expenses of $0.3 billion related to our dealerships; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.5 billion due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $2.8 billion and included: (1) charges of $0.8 billion primarily related to the deconsolidation of Saab, which filed for reorganization protection under the laws of Sweden in February 2009; (2) incremental depreciation charges of $0.7 billion related to restructuring activities; (3) impairment charges of $0.2 billion related to product-specific tooling assets; and (4) operating losses of $0.2 billion related to Saab.

In the year ended December 31, 2008 EBIT was a loss of $2.6 billion and included: (1) advertising and sales promotion expenses of $1.3 billion primarily related to support media campaigns for our products; (2) administrative expense of $0.7 billion; (3) selling and marketing expenses of $0.7 billion related to our dealerships; (4) special tooling and product related machinery and equipment asset impairment charges of $0.5 billion; (5) goodwill impairment charges of $0.5 billion; and (6) restructuring charges of $0.3 billion primarily related to separation programs announced in Belgium, France, Germany and the United Kingdom.

GM International Operations
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**	**Year Ended December 31, 2008**
Total net sales and revenue	$21,470	$8,567	$6,218	$24,050
Income (loss) attributable to stockholders before interest and income taxes	$ 2,262	$ 789	$ (486)	$ (555)

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	**Year Ended December 31, 2009**	**Year Ended December 31, 2008**
Production volume			
Consolidated entities	1,016	752	1,153
Joint ventures			
SGMW (a)	1,256	1,109	646
SGM	1,037	712	439
FAW-GM (a)	86	43	—
Other	350	61	97
Total production volume	3,745	2,677	2,335

(a) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture production in China.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)(d)(e)(f)						
Total GMIO	3,077	8.8%	2,453	8.7%	1,832	7.4%
Vehicle sales– consolidated entities						
Australia	133	12.8%	121	12.9%	133	13.1%
Middle East Operations	123	10.7%	117	11.1%	144	9.3%
South Korea	127	8.1%	115	7.9%	117	9.7%
Egypt	68	27.2%	52	25.5%	60	23.1%
Vehicle sales–primarily joint ventures (f)						
China (g)(h)	2,352	12.8%	1,826	13.3%	1,095	12.1%
India	110	3.7%	69	3.1%	66	3.3%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Includes HUMMER vehicle sales data.

(c) Vehicle sales data may include rounding differences.

(d) Our vehicle sales include Saab data through February 2010.

(e) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

(f) The financial results (primarily Automotive sales and Automotive cost of sales) from Chevrolet brand products sold in GME are primarily reported as part of GMIO. Chevrolet brand products included in GME vehicle sales volume and market share data was 477,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM Chevrolet brand products included in GME vehicle sales and market share data was 426,000 vehicles in the year ended December 31, 2009. Old GM Chevrolet brand products included in GME vehicle sales and market share data was 510,000 vehicles in the year ended December 31, 2008. Vehicle sales volume are reported in the geographical region they are sold.

(g) Includes SGM joint venture vehicle sales in China of 1.0 million vehicles, SGMW and FAW-GM joint venture vehicle sales in China of 1.3 million vehicles and HKJV joint venture vehicle sales in India of 110,000 vehicles in the year ended December 31, 2010. Combined GM and Old GM SGM joint venture vehicle sales in China of 708,000 vehicles and combined GM and Old GM SGMW and FAW-GM joint venture vehicle sales in China of 1.1 million vehicles in the year ended December 31, 2009. Old GM SGM joint venture vehicle sales in China of 432,000 and Old GM SGMW joint venture vehicle sales in China of 647,000 vehicles in the year ended December 31, 2008. We do not record revenue from our joint ventures' vehicle sales.

(h) The joint venture agreements with SGMW (44%) and FAW-GM (50%) allow for significant rights as a member as well as the contractual right to report SGMW and FAW-GM joint venture vehicle sales in China as part of our global market share.

GMIO Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31 2008	Amount	%	Amount	%
Total net sales and revenue	$21,470	$14,785	$8,567	$6,218	$24,050	$6,685	45.2%	$(9,265)	38.5%

In the year ended December 31, 2010 Total net sales and revenue increased by $6.7 billion (or 45.2%) primarily due to: (1) increased wholesale volumes of $3.9 billion representing 118,000 vehicles (or 11.8%) primarily in the Middle East by 35,000 vehicles (or 28.2%) and in GM Daewoo by 100,000 vehicles (or 21.1%). The primary driver for the increase in wholesale volumes was the global economic recovery, together with the effect of launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $0.9 billion, primarily due to the strengthening of the Korean Won, Australian Dollar and South African Rand against the U.S. Dollar; (3) favorable vehicle mix of $0.8 billion driven by the launch of the Chevrolet Cruze and increased sales of sports utility vehicles; (4) favorable vehicle pricing effect of $0.1 billion, primarily due to higher pricing on new model launches at GM Daewoo; and (5) derivative losses of $0.8 billion in the period January 1, 2009 through July 9, 2009, that did not recur in 2010, primarily driven by the weakening of the Korean Won against the U.S. Dollar in that period. Subsequent to July 10, 2009, all gains and losses on non-designated derivatives were recorded in Interest income and other non-operating income, net.

In the year ended December 31, 2009 Total net sales and revenue decreased by $9.3 billion (or 38.5%) primarily due to: (1) decreased wholesale volumes and lower exports of $9.1 billion representing 460,000 vehicles (or 31.6%) primarily in GM Daewoo by 247,000 vehicles (or 34.2%), in the Middle East by 103,000 vehicles (or 45.4%), in Australia by 59,000 vehicles (or 32.6%) and in Thailand by 53,000 vehicles (or 69.7%). The decrease in wholesale volumes was primarily due to tight credit markets, increased unemployment rates and Old GM's well publicized liquidity issues and Chapter 11 Proceedings. These unfavorable trends were partially offset by many countries lowering interest rates and initiating programs to provide credit to consumers, which had a positive effect on vehicle sales volumes; (2) unfavorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of the U.S. Dollar against the Korean Won and Australian Dollar in 2009, partially offset by (3) decreased derivative losses of $0.9 billion at GM Daewoo; and (4) favorable vehicle mix of $0.3 billion driven by launches of new vehicle models at GM Daewoo.

The vehicle sales related to our China and India (GM India was deconsolidated effective February 2010) joint ventures is not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, net of tax.

GMIO Earnings Before Interest and Income Taxes (Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$2,262	$789	$(486)	$(555)

GM

In the year ended December 31, 2010 EBIT was $2.3 billion and included: (1) Equity income, net of tax, of $1.3 billion from the operating results of our China JVs; (2) favorable change in fair value of $0.1 billion from derivatives driven by the stronger Korean Won versus the U.S. Dollar; partially offset by (3) administrative expenses of $0.8 billion; (4) advertising and sales promotion expenses of $0.6 billion primarily to support media campaigns for our products; (5) unfavorable non-controlling interest attributable to minority shareholders of GM Daewoo and General Motors Egypt (GM Egypt) of $0.3 billion; and (6) selling and marketing expenses of $0.2 billion related to labor costs in the selling department across GMIO and also costs incurred in the establishment of the Korean direct dealership network.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.8 billion and included: (1) favorable depreciation of fixed assets of $0.3 billion resulting from lower balances; and (2) favorable adjustments of $0.1 billion in Automotive cost of sales due to the sell through of inventory acquired from Old GM at July 10, 2009. As required under U.S. GAAP, the acquired inventory was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort; partially offset by (3) administrative expenses of $0.5 billion; (4) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; (5) selling and marketing expenses of $0.1 billion; and (6) unfavorable amortization of $0.1 billion related to intangible assets.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) derivative losses of $0.8 billion at GM Daewoo; (2) administrative expenses of $0.4 billion; (3) advertising and sales promotion expenses of $0.2 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.3 billion primarily from the operating results of our China JVs; and (5) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

In the year ended December 31, 2008 EBIT was a loss of $0.6 billion and included: (1) derivative losses of $1.7 billion at GM Daewoo; (2) administrative expenses of $0.9 billion; (3) advertising and sales promotion expenses of $0.8 billion primarily to support media campaigns for our products; partially offset by (4) Equity income, net of tax, of $0.4 billion primarily from the operating results of our China JVs; (5) selling and marketing expenses of $0.2 billion; and (6) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders of GM Daewoo.

GM South America
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$15,379	$7,399	$5,736	$14,522
Income (loss) attributable to stockholders before interest and income taxes	$ 818	$ 417	$ (454)	$ 1,076

Production and Vehicle Sales Volume

The following tables summarize total production volume and new motor vehicle sales volume and competitive position (in thousands):

	GM	Combined GM and Old GM	Old GM
	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008
Production volume	926	807	865

	Year Ended December 31, 2010		Year Ended December 31, 2009		Year Ended December 31, 2008	
	GM	GM as a % of Industry	Combined GM and Old GM	Combined GM and Old GM as a % of Industry	Old GM	Old GM as a % of Industry
Vehicle sales (a)(b)(c)						
Total GMSA	1,026	19.9%	872	20.0%	920	20.7%
Brazil	658	18.7%	596	19.0%	549	19.5%
Argentina	109	16.3%	79	15.2%	95	15.5%
Colombia	85	33.6%	67	36.1%	80	36.3%
Ecuador	53	40.8%	40	43.3%	48	42.2%
Venezuela	51	40.6%	49	36.1%	90	33.2%

(a) Vehicle sales primarily represent estimated sales to the ultimate customer. In countries where end customer data is not readily available other data sources, such as wholesale volumes, are used to estimate vehicle sales.

(b) Vehicle sales data may include rounding differences.

(c) Certain fleet sales that are accounted for as operating leases are included in vehicle sales at the time of delivery to the daily rental car companies.

GMSA Total Net Sales and Revenue
(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor					
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Year Ended 2010 vs. 2009 Change Amount	%	Year Ended 2009 vs. 2008 Change Amount	%
Total net sales and revenue	$15,379	$13,135	$7,399	$5,736	$14,522	$2,244	17.1%	$(1,387)	(9.6)%

In the year ended December 31, 2010 Total net sales and revenue increased by $2.2 billion (or 17.1%) primarily due to: (1) increased wholesale volumes of $2.2 billion representing 170,000 vehicles (or 19.1%) primarily in Brazil by 72,000 vehicles or (11.7%), in Argentina by 32,000 vehicles (or 41.4%) and in Colombia by 21,000 vehicles (or 32.9%) driven by launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $1.0 billion, primarily due to the strengthening of major currencies in 2010 against the U.S. Dollar such as the Brazilian Real and Colombian Peso; (3) favorable vehicle pricing effect of $0.3 billion, primarily in Venezuela driven by the hyperinflationary economy; partially offset by (4) devaluation of the BsF in Venezuela of $0.9 billion; and (5) unfavorable vehicle mix of $0.4 billion driven by increased sales of the Chevrolet Spark and Chevrolet Aveo and decreased sales of the Chevrolet Meriva, Vectra and S-10.

In the year ended December 31, 2009 Total net sales and revenue decreased by $1.4 billion (or 9.6%) due to: (1) decreased wholesale volumes of $2.2 billion representing 30,000 vehicles (or 3.3%) primarily in Venezuela by 37,000 vehicles (or 44.1%), in Argentina by 19,000 vehicles (or 19.8%) and in Colombia by 13,000 vehicles (or 16.6%); partially offset by (2) favorable pricing effect of $0.4 billion primarily due to price increases in Venezuela driven by the hyperinflationary economy; and (3) increased wholesale volumes in Brazil of $0.2 billion representing 56,000 vehicles (or 10.0%).

GMSA Earnings Before Interest and Income Taxes
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Income (loss) attributable to stockholders before interest and income taxes	$818	$417	$(454)	$1,076

GM

In the year ended December 31, 2010 EBIT was $0.8 billion and included: (1) foreign currency transaction gains of $0.3 billion primarily due to foreign currency exchanges done at the preferential rate in Venezuela; offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion primarily to support media campaigns for our products; and (4) selling and marketing expenses of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 EBIT was $0.4 billion and included: (1) administrative expenses of $0.2 billion; (2) advertising and sales promotion expenses of $0.1 billion; and (3) selling and marketing expenses of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT was a loss of $0.5 billion and included: (1) foreign currency transaction losses of $0.5 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (2) administrative expenses of $0.2 billion; (3) advertising and sales promotion expenses of $0.1 billion; and (4) selling and marketing expenses of $0.1 billion.

In the year ended December 31, 2008 EBIT was $1.1 billion and included: (1) administrative expenses of $0.4 billion; (2) foreign currency transaction losses of $0.3 billion primarily due to foreign currency exchanges processed outside CADIVI in Venezuela; (3) advertising and sales promotion expenses of $0.2 billion; and (4) selling and marketing expenses of $0.1 billion.

GM Financial
(Dollars in Millions)

Three Months Ended December 31, 2010

	Successor
	Three Months Ended December 31, 2010
Total revenue	$281
Income before income taxes	$129

In the three months ended December 31, 2010 Total revenue included finance charge income of $264 million and other income of $17 million. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010. The effective yield represents finance charges and fees recorded in earnings and the accretion of the purchase accounting premium during the period as a percentage of average finance receivable.

Net margin is the difference between finance charge income and other income earned on GM Financial's finance receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

The following table summarizes GM Financial's net margin and as a percentage of average finance receivables (dollars in millions):

	Successor	
	Three Months Ended December 31, 2010	
Finance charge income	$264	12.1%
Other income	17	0.8%
Interest expense	(37)	(1.7)%
Net GM Financial margin	$244	11.2%

Income Before Income Taxes

In the three months ended December 31, 2010 results included: (1) Total revenue of $281 million; partially offset by (2) operating and leased vehicle expenses of $73 million; (3) interest expense of $37 million; (4) provision for loan losses of $26 million; and (5) acquisition expenses of $16 million. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, other unsecured debt and the amortization of the purchase accounting premium.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest expensed was 2.0%.

Corporate
(Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue	$ 134	$141	$ 327	$ 1,206
Net income (loss) attributable to stockholders	$(877)	$176	$123,902	$(16,677)

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

Corporate Total Net Sales and Revenue

(Dollars in Millions)

	Successor	Combined GM and Old GM	Successor	Predecessor		Year Ended 2010 vs. 2009 Change		Year Ended 2009 vs. 2008 Change	
	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	Amount	%	Amount	%
Total net sales and revenue	$134	$468	$141	$327	$1,206	$(334)	(71.4)%	$(738)	(61.2)%

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases.

In the year ended December 31, 2010 Total net sales and revenue decreased by $0.3 billion (or 71.4%) primarily due to decreased lease financing revenue related to the liquidation of the portfolio of automotive leases. Average outstanding automotive retail leases on-hand for GM and combined GM and Old GM were 7,000 and 73,000 for the years ended December 31, 2010 and 2009.

In the year ended December 31, 2009 Total net sales and revenue decreased by $0.7 billion (or 61.2%) primarily due to decreased lease financing revenue of $0.7 billion related to the liquidation of the portfolio of automotive retail leases. Average outstanding leases on-hand for combined GM and Old GM were 73,000 and 236,000 for the years ended December 31, 2009 and 2008.

Corporate Net Income (Loss) Attributable to Stockholders (Dollars in Millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net income (loss) attributable to stockholders	$(877)	$176	$123,902	$(16,677)

GM

In the year ended December 31, 2010 results included: (1) Interest expense of $1.1 billion comprised of interest expense of $0.3 billion on the UST Loans, Canadian Loan and VEBA Notes, interest expense of $0.3 billion on GMNA debt, and interest expense of $0.4 billion on GMIO and GMSA debt; (2) income tax expense of $0.6 billion primarily related to tax expense attributable to profitable entities that do not have full valuation allowances recorded against deferred tax assets; (3) administrative expenses of $0.4 billion primarily related to consultants and services provided by outside companies; partially offset by (4) interest income of $0.4 billion earned primarily on marketable securities held in GMSA; (5) the reversal of our $0.2 billion liability for the Adjustment Shares; (6) a gain on extinguishment of debt of $0.2 billion related to our repayment of the outstanding amount of VEBA Notes of $2.8 billion; and (7) dividends of $0.1 billion on our investment in Ally Financial preferred stock.

In the period July 10, 2009 through December 31, 2009 results included: (1) foreign currency transaction gains of $0.3 billion due to the appreciation of the Canadian Dollar versus the U.S. Dollar; and (2) interest expense of $0.7 billion composed of interest expense of $0.3 billion on UST Loans and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 results included: (1) centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 2 to the consolidated financial statements; (2) amortization of discounts related to the UST Loan, EDC Loan and DIP Facilities of $3.7 billion; (3) a gain recorded on the UST Ally Financial Loan of $2.5 billion upon the UST's conversion of the UST Ally Financial Loan for Class B Common Membership Interests in Ally Financial, which gain resulted from the difference between the fair value and the carrying amount of the Ally Financial equity interests given to the UST in exchange for the UST Ally Financial Loan. The gain was partially offset by Old GM's proportionate share of Ally Financial's loss from operations of $1.1 billion; (4) a loss related to the extinguishment of the UST Ally Financial Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts into shares of Ally Financial's Class B Common Membership Interests; partially offset by (5) a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan; (6) interest expense of $0.8 billion on unsecured debt balances; (7) interest expense of $0.4 billion on the UST Loan Facility; and (8) interest expense of $0.2 billion on GMIO and GMSA debt.

In the year ended December 31, 2008 results included: (1) impairment charges of $7.1 billion related to Old GM's investment in Ally Financial's Common Membership Interests; (2) charges of $4.8 billion related to the Delphi Benefit Guarantee Agreements; (3) interest expense of $2.5 billion primarily composed of interest expense of $1.6 billion on Old GM's unsecured bonds, interest expense of $0.4 billion on Old GM's Euro bonds and cross-currency swaps to hedge foreign exchange rate exposure and interest expense of $0.1 billion on Old GM's secured revolving credit facility and U.S. term loan; (4) income tax expense of $1.8 billion related to valuation allowances against deferred tax assets in South Korea, the United Kingdom, Spain, and Australia; (5) impairment charges of $1.0 billion related to Old GM's investment in Ally Financial's Preferred Membership Interests; (6) servicing fees, interest, and depreciation expenses of $1.0 billion on the portfolio of automotive retail leases; partially offset by (7) global interest income of $0.6 billion driven primarily by investments in GMSA and GME.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash, marketable securities and availability under our secured revolving credit facility will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward, which we plan to fund through available liquidity and cash flow from operations. Our known material future uses of cash include, among other possible demands: (1) pension and OPEB payments; (2) continuing capital expenditures; (3) spending to implement long-term cost savings and restructuring plans such as restructuring our Opel/Vauxhall operations and potential capacity reduction programs; (4) reducing our overall debt levels; (5) increase in accounts receivable due to the termination of a wholesale advance agreement with Ally Financial; and (6) certain South American income and indirect tax-related administrative and legal proceedings may require that we deposit funds in escrow or make payments which may range from $0.8 billion to $1.0 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled "Risk Factors," some of which are outside our control. Macro-economic conditions could limit our ability to successfully execute our business plans and, therefore, adversely affect our liquidity plans.

Recent Initiatives

We continue to monitor and evaluate opportunities to optimize our liquidity position including actively evaluating the possible sale of non-core cost or equity method investments or other positions which could be significantly positive to our cash flow and/or earnings in the near-term.

In the year ended December 31, 2010 we made net investments of $5.4 billion in highly liquid marketable securities instruments with maturities exceeding 90 days. Previously, these funds would have been invested in short-term instruments less than 90 days and classified as a component of Cash and cash equivalents. Investments in these longer-term securities will increase the interest we earn on these investments. We continue to monitor our investment mix and may reallocate investments based on business requirements.

In June 2010 the German federal government notified us of its decision not to provide loan guarantees to Opel/Vauxhall. As a result we have decided to fund the requirements of Opel/Vauxhall internally. Opel/Vauxhall subsequently withdrew all applications for government loan guarantees from European governments. Through September 2010 we committed up to a total of Euro 3.3 billion (equivalent to $4.2 billion when committed) to fund Opel/Vauxhall's restructuring and ongoing cash requirements. This funding includes cumulative lending commitments combined into a Euro 2.6 billion intercompany facility and equity commitments of Euro 700 million.

In October 2010 we completed our acquisition of AmeriCredit for cash of approximately $3.5 billion and changed the name from AmeriCredit to GM Financial. We funded the transaction using cash on hand.

The repayment of debt remains a key strategic initiative. We continue to evaluate potential debt repayments prior to maturity. Any such repayments may negatively affect our liquidity in the short-term. In 2010 GM Daewoo repaid in full and retired its $1.2 billion revolving credit facility. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion. In July 2010 our Russian subsidiary repaid a loan facility of $150 million to cure a technical default. In March and April 2010 we repaid the remaining amounts owed under the UST Loans of $5.7 billion and Canadian Loan of $1.3 billion.

As described more fully below in the section entitled "Secured Revolving Credit Facility" in October 2010 we entered into a $5.0 billion secured revolving credit facility. While we do not believe the amounts available under the secured revolving credit facility are needed to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility.

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. We received net proceeds from the Series B Preferred Stock offering of $4.9 billion. Refer to the section below entitled "Series B Preferred Stock Issuance" for additional detail.

In December 2010 we purchased 84 million shares of our Series A Preferred Stock, which accrued cumulative dividends at a 9.0% annual rate, from the UST for a purchase price of $2.1 billion, which was equal to 102% of their aggregate liquidation amount pursuant to an agreement that we entered into with the UST in October 2010. We purchased the Series A Preferred Stock from the UST on the first dividend payment date for the Series A Preferred Stock after the completion of our common stock offering, December 15, 2010.

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of $4.0 billion of cash in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011.

Under wholesale financing arrangements, our U.S. dealers typically borrow money from financial institutions to fund their vehicle purchases from us. Effective January 2011 we terminated a wholesale advance agreement which provided for accelerated receipt of payments made by Ally Financial on behalf of our U.S. dealers pursuant to Ally Financial's wholesale financing arrangements with dealers. Similar modifications were made in Canada. The wholesale advance agreements cover the period for which vehicles are in transit between assembly plants and dealerships. We will no longer receive payments in advance of the date vehicles purchased by dealers are scheduled to be delivered, resulting in an average increase of approximately $2.0 billion to our accounts receivable balance, depending on sales volumes and certain other factors, and the related costs under the arrangements were eliminated.

In January 2011 we withdrew our application for loans available under Section 136 of the EISA. This decision is consistent with our stated goal to minimize our outstanding debt.

Automotive

Available Liquidity

Available liquidity includes cash balances and marketable securities. At December 31, 2010 available liquidity was $26.6 billion, not including funds available under credit facilities of $5.9 billion or in the Canadian HCT escrow account of $1.0 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity using U.S. cash investments, cash held at our international treasury centers and available liquidity at consolidated overseas subsidiaries. The following table summarizes our liquidity (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$21,061	$22,679
Marketable securities	5,555	134
Available liquidity	26,616	22,813
Available under credit facilities	5,919	618
Total available liquidity	32,535	23,431
UST and HCT escrow accounts (a)	1,008	13,430
Total liquidity including UST and HCT escrow accounts	$33,543	$36,861

(a) Classified as Restricted cash and marketable securities. Refer to Note 15 to our consolidated financial statements for additional information on the classification of the escrow accounts. The remaining funds held in the UST escrow account were released in April 2010 following the repayment of the UST Loans and Canadian Loan.

GM

Total available liquidity increased by $9.1 billion in the year ended December 31, 2010 primarily due to positive cash flows from operating activities of $6.6 billion, investing activities less net marketable securities acquisitions of $6.1 billion and a $5.3 billion increase in amounts available under credit facilities, which were partially offset by negative cash flows from financing activities of $9.3 billion.

Total available liquidity increased by $2.5 billion in the period July 10, 2009 through December 31, 2009 due to positive cash flows from operating, financing and investing activities of $3.6 billion which were partially offset by a $1.1 billion reduction in our borrowing capacity on certain credit facilities. The decrease in credit facilities is primarily attributable to the November 2009 extinguishment of the German Facility.

Old GM

Total available liquidity increased by $6.0 billion in the period January 1, 2009 through July 9, 2009 due to positive cash flows from financing activities partially offset by negative cash flow from operating and investing activities for a net cash flow of $4.8 billion as well as an increase of $1.1 billion in available borrowing capacity under credit facilities. This was partially offset by repayments of secured lending facilities.

VEBA Assets

We transferred all of the remaining VEBA assets along with other consideration to the New VEBA within 10 business days after December 31, 2009, in accordance with the terms of the 2009 UAW Retiree Settlement Agreement. The VEBA assets were not consolidated after the settlement was recorded at December 31, 2009 because we did not hold a controlling financial interest in the entity that held such assets at that date. Under the terms of the 2009 UAW Retiree Settlement Agreement we had an obligation for VEBA Notes of $2.5 billion and accreted interest, at an implied interest rate of 9.0% per annum. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Under the terms of the 2009 UAW Retiree Settlement Agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours, the New Plan and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the New Plan and the New VEBA are limited to the terms of the 2009 UAW Retiree Settlement Agreement.

Series B Preferred Stock Issuance

In November and December 2010 we issued 100 million shares of our Series B Preferred Stock. Each share of our Series B Preferred Stock is convertible at the option of the holder at any time prior to December 1, 2013 into 1.2626 shares of our common stock, and each share of Series B Preferred Stock will mandatorily convert on December 1, 2013 into a number of shares of our common stock ranging from 1.2626 to 1.5152 shares depending on the applicable market value of our common stock. The applicable market value of our common stock means the average of the closing prices per share of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. The conversion ratios for optional and mandatory conversions are subject to anti-dilution, make-whole and other adjustments. We received net proceeds from the issuances of $4.9 billion. We used these proceeds, along with $1.2 billion of cash on hand, to purchase our Series A Preferred Stock held by the UST in the amount of $2.1 billion and made a cash contribution to our U.S. hourly and salary pension plans in an amount of $4.0 billion.

UST Loans and Canadian Loan

UST Loans

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion which Old GM incurred under its DIP Facility. Proceeds of the UST Credit Agreement of $16.4 billion were deposited in escrow to be distributed to us at our request upon certain conditions as outlined in the UST Credit Agreement. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion.

In November 2009 we signed an amendment to the UST Credit Agreement to provide for quarterly repayments of our UST Loans. Under this amendment, we agreed to make quarterly payments of $1.0 billion to the UST. In December 2009 and March 2010 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion. The UST Loans were repaid prior to maturity. Amounts borrowed under the UST Credit Agreement may not be reborrowed.

At December 31, 2009 $12.5 billion of the proceeds of the UST Credit Agreement remained deposited in escrow. Any unused amounts in escrow on June 30, 2010 were required to be used to repay the UST Loans and Canadian Loan on a pro rata basis if the loans were not paid in full. At December 31, 2009 the UST Loans and Canadian Loan were classified as short-term debt based on these terms.

Following the repayment of the UST Loans and the Canadian Loan, the remaining funds that were held in escrow became unrestricted and the availability of those funds is no longer subject to the conditions set forth in the UST Credit Agreement.

The UST Loans accrued interest equal to the greater of the three month London Interbank Offering Rates (LIBOR) rate or 2.0%, plus 5.0%, per annum, unless the UST determined that reasonable means did not exist to ascertain the LIBOR rate or that the LIBOR rate would not adequately reflect the UST's cost to maintain the loan. In such a circumstance, the interest rate would have been the greatest of: (1) the prime rate plus 4%; (2) the federal funds rate plus 4.5%; or (3) the three month LIBOR rate (which will not be less than 2%) plus 5%. We were required to prepay the UST Loans on a pro rata basis (among the UST Loans, VEBA Notes and Canadian Loan), in an amount equal to the amount of net cash proceeds received from certain asset dispositions, casualty events, extraordinary receipts and the incurrence of certain debt. At December 31, 2009 the UST Loans accrued interest at 7.0%.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the Emergency Economic Stabilization Act of 2008 (EESA), including the Interim Final Rule implementing Section 111 (Interim Final Rule), will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule or any successor or final rule, or (2) UST ceasing to own any direct or indirect equity interests in us, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The UST Credit Agreement includes a vitality commitment which requires us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the United States is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use our commercially reasonable best efforts to ensure that the volume of United States manufacturing is the minimum variance from the projected manufacturing level that is consistent with good business judgment and the intent of the commitment. This covenant survived our repayment of the UST Loans and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial Preferred Membership Interests previously held by Old GM in May 2009. At December 31, 2010 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants.

Refer to Note 19 to our consolidated financial statements for additional details on the UST Loans.

Canadian Loan

On July 10, 2009, through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In November 2009 we signed an amendment to the Canadian Loan Agreement to provide for quarterly repayments of the Canadian Loan. Under this amendment, we agreed to make quarterly repayments of $192 million to EDC. In December 2009 and March 2010 we made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. The Canadian Loan was repaid prior to maturity. GMCL cannot reborrow under the Canadian Loan Agreement. The Canadian Loan accrued interest at the greater of the three-month Canadian Dealer Offered Rate or 2.0%, plus 5.0% per annum. Accrued interest was payable quarterly. At December 31, 2009 the Canadian Loan accrued interest at 7.0%.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the North American Free Trade Agreement (NAFTA) region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Refer to Note 19 to our consolidated financial statements for additional details on the Canadian Loan.

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the year ended December 31, 2010 (dollars in millions):

	Successor		
	January 1, 2010 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2010 Total Obligation
Description of Funding Commitment			
UST Loan	$5,712	$(5,712)	$—
Canadian Loan	1,233	(1,233)	—
Total	$6,945	$(6,945)	$—

(a) Includes an increase due to a foreign currency exchange loss on the Canadian loan of $56 million.

The following table summarizes the total funding and funding commitments we repaid to the U.S. and Canadian governments in the period July 10, 2009 through December 31, 2009 (dollars in millions):

	Successor		
	July 10, 2009 Beginning Balance	Change in Funding and Funding Commitments (a)	December 31, 2009 Total Obligation
Description of Funding Commitment			
UST Loan (b)	$7,073	$(1,361)	$5,712
Canadian Loan	1,292	(59)	1,233
Total	$8,365	$(1,420)	$6,945

(a) Includes an increase due to a foreign currency exchange loss on the Canadian Loan of $133 million.

(b) Includes $361 million which the UST loaned to Old GM under the warranty program and which was assumed by GM and repaid on July 10, 2009.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	December 31, 2008 Through July 9, 2009		
	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
Description of Funding Commitment			
UST Funding			
UST Loan Agreement	$19,761	$1,172	$20,933
DIP Facility — UST (b)	30,100	2,008	32,108
Total UST Funding (c)	49,861	3,180	53,041
EDC Funding			
EDC funding (d)	6,294	161	6,455
DIP Facility — EDC	3,200	213	3,413
Total EDC Funding	9,494	374	9,868
Total UST and EDC Funding	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $361 million which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also does not include amounts advanced under the UST GMAC Loan as the UST exercised its option to convert this loan into GMAC Preferred Membership Interests previously held by Old GM in May 2009.

(d) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

The following table summarizes the effect of the 363 Sale on the amounts owed to the UST and the EDC under the UST Loan Agreement, the DIP Facility and the EDC Loan Facility (dollars in millions):

	363 Sale		
	Total Obligation	Effect of 363 Sale	GM Obligation Subsequent to 363 Sale
Description of Funding Commitment			
Total UST Funding	$53,041	$(45,968)	$7,073
Total EDC Funding	9,868	(8,576)	1,292
Total UST and EDC Funding	$62,909	$(54,544)	$8,365

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo. If the secured revolving credit facility is rated investment grade by two or more of the credit rating agencies (S&P, Moody’s and Fitch) the requirement to provide collateral is eliminated.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;

- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under the Employment Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for facilities of this nature.

Credit Facilities

We make use of credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. These credit facilities are typically held at the subsidiary level and are geographically dispersed across all regions. The following tables summarize our committed and uncommitted credit facilities at the dates indicated (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Committed	$6,142	$1,712	$5,475	$223
Uncommitted	490	842	444	395
Total	$6,632	$2,554	$5,919	$618

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
Credit Facilities	December 31, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Secured Revolving Credit Facility	$ 5,000	$ —	$ 5,000	$ —
GM Daewoo	—	1,179	—	—
Brazil	466	425	2	77
GM Hong Kong	400	200	370	200
Other(a)	766	750	547	341
Total	$ 6,632	$ 2,554	$ 5,919	$ 618

(a) Consists of credit facilities available primarily at our foreign subsidiaries that are not individually significant.

At December 31, 2010 we had committed credit facilities of $6.1 billion, under which we had borrowed $667 million leaving $5.5 billion available. The secured revolving credit facility comprised $5.0 billion of the amounts available under committed credit facilities and other committed credit facilities had $475 million available. At December 31, 2010 we had uncommitted credit facilities of $490 million, under which we had borrowed $46 million leaving $444 million available. Uncommitted credit facilities include lines of credit which are available to us, but under which the lenders have no legal obligation to provide funding upon our request. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

In 2010 GM Daewoo repaid in full and retired its Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility.

At December 31, 2009 we had committed credit facilities of $1.7 billion, under which we had borrowed $1.5 billion leaving $223 million available. Of these committed credit facilities GM Daewoo comprised $1.2 billion and other entities had $0.5 billion. At December 31, 2009 we had uncommitted credit facilities of $842 million, under which we had borrowed $447 million leaving $395 million available.

At December 31, 2009 our largest credit facility was GM Daewoo's Korean Won 1.4 trillion (equivalent to $1.2 billion) revolving credit facility. The average interest rate on outstanding amounts under this facility at December 31, 2009 was 5.69%. At December 31, 2009 the facility was fully utilized with $1.2 billion outstanding.

Restricted Cash and Marketable Securities

Following the repayment of the UST Loans and the Canadian Loan in April 2010 as previously discussed, the remaining UST escrow funds of $6.6 billion were released from escrow and became unrestricted as the availability of those funds was no longer subject to the conditions set forth in the UST Credit Agreement.

Pursuant to an agreement among GMCL, EDC and an escrow agent we had $1.0 billion remaining in an escrow account at December 31, 2010 to fund certain of GMCL's healthcare obligations pending the satisfaction of certain preconditions which have not yet been met.

In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009.

Cash Flow

Operating Activities

GM

In the year ended December 31, 2010 we had positive cash flows from operating activities of $6.6 billion primarily due to: (1) Net income of $6.4 billion, which included non-cash charges of $7.1 billion resulting from depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) dividends received of $0.7 billion primarily related to our China JVs; partially offset by (3) pension contributions and OPEB payments of $5.7 billion primarily related to voluntary contributions to U.S. hourly and salary pension plans of $4.0 billion; (4) payments on our previously announced restructuring programs of $1.3 billion partially offset by net charges of $0.6 billion; (5) dealer wind-down payments of $0.4 billion; and (6) unfavorable changes in working capital of $0.6 billion. The unfavorable changes in working capital were related to increases in accounts receivables, inventories and the completion of a change to weekly payment terms to our suppliers, partially offset by an increase in accounts payable related to increased production volumes.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from operating activities of $1.1 billion primarily due to: (1) favorable managed working capital of $5.7 billion primarily driven by the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion primarily to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring payments of $1.2 billion; (6) interest payments of $0.6 billion and (7) sales allowance payments in excess of current period accruals for sales incentives of $0.5 billion driven by a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from operating activities of $18.3 billion primarily due to: (1) net loss of $8.4 billion excluding Reorganization gains, net, and depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) change in accrued liabilities of $6.8 billion; (3) unfavorable managed working capital of $5.6 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

In the year ended December 31, 2008 Old GM had negative cash flows from operating activities of $12.1 billion on a Loss from continuing operations of $31.1 billion. Operating cash flows were unfavorably affected by lower volumes and the resulting losses in North America and Western Europe, including the effect that lower production volumes had on working capital balances, and postretirement benefit payments.

Investing Activities

GM

In the year ended December 31, 2010 we had positive cash flows from investing activities of $0.7 billion primarily due to: (1) a net decrease in Restricted cash and marketable securities of $13.0 billion primarily related to withdrawals from the UST Credit Agreement escrow account; (2) proceeds from the liquidation of operating leases of $0.3 billion; (3) proceeds received from the sale of Nexteer of $0.3 billion; (4) proceeds from the sale of property, plants and equipment of $0.2 billion; partially offset by (5) net investments in marketable securities with maturities greater than 90 days of $5.4 billion; (6) capital expenditures of $4.2 billion; and (7) the acquisition of AmeriCredit for $3.5 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from investing activities of $2.2 billion primarily due to: (1) a reduction in Restricted cash and marketable securities of $5.2 billion primarily related to withdrawals from the UST escrow account; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) an increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on Ally Financial common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from investing activities of $21.1 billion primarily due to: (1) increase in Restricted cash and marketable securities of $18.0 billion driven primarily by the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in Ally Financial of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

In the year ended December 31, 2008 Old GM had negative cash flows from investing activities of $1.8 billion primarily related to: (1) capital expenditures of $7.5 billion; (2) an increase in notes receivable of $0.4 billion; partially offset by (3) liquidations of operating leases of $3.6 billion; (4) net liquidations of marketable securities in an amount of $2.1 billion; (5) proceeds for the sale of real estate, plants and equipment of $0.3 billion; and (6) proceeds from the sale of business units and equity investments of $0.2 billion.

Financing Activities

GM

In the year ended December 31, 2010 we had negative cash flows from financing activities of $9.3 billion primarily due to: (1) repayments on the UST Loans and Canadian Loan of $5.7 billion and $1.3 billion; (2) principal payments on the VEBA Notes of $2.5 billion; (3) purchase of the Series A Preferred Stock shares from the UST of $2.1 billion; (4) repayment of GM Daewoo's revolving credit facility of $1.2 billion; (5) dividend payments on our Series A Preferred Stock of $0.8 billion; (6) payments on the Receivables Program of $0.2 billion; (7) debt issuance fees of $0.2 billion primarily related to establishing our secured revolving credit facility; (8) net payments on other debt of $0.2 billion; partially offset by (9) proceeds from the issuance of Series B Preferred Stock of $4.9 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from financing activities of $0.3 billion primarily due to: (1) funding of $4.0 billion from the EDC which was converted to our equity; partially offset by (2) payments on the UST Loans of $1.4 billion (including payments of $0.4 billion related to the warranty program); (3) net payments on the German Facility of $1.1 billion; (4) net payments on other debt of $0.4 billion; (5) a net decrease in short-term debt of $0.4 billion; (6) payment on the Canadian Loan of $0.2 billion; (7) net payments on the program announced in March 2009 by the UST to provide financial assistance to automotive suppliers (Receivables Program) of $0.1 billion; and (8) dividend payments on our Series A Preferred Stock of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from financing activities of $44.2 billion primarily due to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Facility and UST Ally Financial Loan of $16.6 billion; (3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on other debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

In the year ended December 31, 2008 Old GM had positive cash flows from financing activities of $3.8 billion primarily related to: (1) borrowings on debt facilities of $5.9 billion; (2) borrowing on the UST Loan Facility of $4.0 billion; partially offset by (3) a net decrease in short-term debt of $4.1 billion; (4) debt repayments of $1.7 billion; and (5) dividend payments on Old GM common stock of $0.3 billion.

Net Liquid Assets

Management believes the use of net liquid assets provides meaningful supplemental information regarding our liquidity. We believe net liquid assets is useful in allowing for greater transparency of supplemental information used by management in its financial and operational decision making to assist in identifying resources available to meet cash requirements. Our calculation of net liquid assets may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of net liquid assets has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Cash and cash equivalents and Debt. Due to these limitations, net liquid assets is used as a supplement to U.S. GAAP measures.

The following table summarizes net liquid assets balances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Cash and cash equivalents	$21,061	$ 22,679
Marketable securities	5,555	134
UST Credit Agreement escrow and HCT escrow	1,008	13,430
Total liquid assets	27,624	36,243
Short-term debt and current portion of long-term debt	(1,616)	(10,221)
Long-term debt	(3,014)	(5,562)
Net liquid assets	$22,994	$ 20,460

Total liquid assets of $27.6 billion exceeded our debt balances by $23.0 billion at December 31, 2010. The net liquid asset balance of $23.0 billion at December 31, 2010 represented an increase of $2.5 billion compared to a net liquid assets balance of $20.5 billion at December 31, 2009. The change was due to an increase of $5.4 billion in Marketable securities and a decrease of $11.2 billion in Short-term and Long-term debt, partially offset by a reduction of $12.4 billion in the UST Credit Agreement and the HCT escrow balances and a reduction of $1.6 billion in Cash and cash equivalents. The decrease in Short-term and Long-term debt primarily related to: (1) repayment in full of the UST Loans of $5.7 billion; (2) repayment in full of the VEBA Notes (together with accrued interest thereon)of $2.8 billion; (3) repayment in full of the Canadian Loan of $1.3 billion; (4) repayment in full of the GM Daewoo revolving credit facility of $1.2 billion; and (5) repayment in full of the loans related to the Receivables Program of $0.2 billion.

Other Liquidity Issues

Receivables Program

In March 2009 the UST announced that it would provide up to $5.0 billion in financial assistance to automotive suppliers by guaranteeing or purchasing certain of the receivables payable by Old GM and Chrysler LLC. The Receivables Program was to be funded by a loan facility of up to $2.5 billion provided by the UST and by capital contributions from us up to $125 million. In connection with the 363 Sale, we assumed the obligation of the Receivables Program. At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

Loan Commitments

We have extended loan commitments to affiliated companies and critical business partners. These commitments can be triggered under certain conditions and expire in the years ranging from 2011 to 2014. At December 31, 2010 we had a total commitment of $600 million outstanding with no amounts loaned.

Status of Credit Ratings

We have been assigned initial ratings by four independent credit rating agencies: Dominion Bond Rating Services (DBRS), Fitch Ratings (Fitch), Moody's Investor Service (Moody's), and Standard & Poor's (S&P). The ratings indicate the agencies' assessment of a company's creditworthiness such as its ability to timely pay principal and interest on debt securities, dividends on preferred securities and other contractual obligations. Lower credit ratings generally represent higher borrowing costs and reduced access to capital markets for a company. The agencies consider a number of business and financial factors when determining ratings including, but not limited to, our competitive position, sustainability of our profits and cash flows, our balance sheet and liquidity profile and our ability to meet obligations under adverse economic scenarios.

DBRS, Moody's, Fitch, and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at February 15, 2011:

Rating Agency	Corporate	Secured Revolving Credit Facility	Senior Unsecured	Outlook
DBRS	BB	BBB (low)	N/A	Stable
Fitch	BB-	BB+	N/A	Stable
Moody's	Ba2	Baa3	N/A	Stable
S&P	BB-	BB+	N/A	Positive

Rating actions taken by each of the credit rating agencies from October 6, 2010 through February 15, 2011 were as follows:

DBRS: October 2010 — Assigned an initial Corporate rating of BB and a rating of BBB (low) to our secured revolving credit facility.

Fitch: October 2010 — Assigned an initial Corporate rating of BB- (affirmed in November 2010) and a rating of BB+ to our secured revolving credit facility.

Moody's: October 2010 — Assigned an initial Corporate rating of Ba2 and assigned a rating of Baa3 to our secured revolving credit facility.

S&P: October 2010 — Assigned an initial Corporate rating of BB- and a rating of BB+ to our secured revolving credit facility. February 2011 — Outlook revised to positive from stable.

The initial ratings assigned by the agencies are an important step towards our objective to attain an investment grade credit rating over the long-term by maintaining a strong balance sheet and reducing financial leverage.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. As a practical matter, our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions and collections, recoveries on finance receivables and net proceeds from senior notes and convertible senior notes transactions. GM Financial's primary uses of cash are purchases of finance receivables, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities, repurchases of unsecured debt and operating expenses.

GM Financial used cash of $0.9 billion for the purchase of finance receivables in the three months ended December 31, 2010. Generally, these purchases are funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in millions):

	Successor
	December 31, 2010
Cash and cash equivalents	$195
Borrowing capacity on unpledged eligible receivables	272
Total liquidity	$467

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges receivables to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy. The following table summarizes credit facilities at December 31, 2010 (dollars in millions):

	Successor	
	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$1,300	$278
Medium-term note facility (b)		490
Bank funding facilities (c)		64
Total		$832

(a) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(b) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(c) The revolving period under this facility has ended and the outstanding debt balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities and securitization notes payable. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or, with respect to the syndicated warehouse facility, restrict GM Financial's ability to obtain additional borrowings.

Non-Cash Charges (Gains)

The following table summarizes significant non-cash charges (gains) (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ 7,099
Impairment charges related to investment in Ally Financial common stock	—	270	—	—
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	1,001
Net curtailment gain related to finalization of the 2008 UAW Settlement Agreement	—	—	—	(4,901)
Net contingent Adjustment Shares issuable to MLC	(162)	162	—	—
Salaried post-65 healthcare settlement	—	—	—	1,704
Impairment charges related to equipment on operating leases	49	18	63	759
Impairment charges related to long-lived assets	240	2	566	1,010
Impairment charges related to investments in equity and cost method investments	—	4	28	119
Other than temporary impairments charges related to debt and equity securities	—	—	11	62
Impairment charges related to goodwill	—	—	—	610
Gain on the acquisition of GMS	(66)	—	—	—
UAW OPEB healthcare settlement	—	2,571	—	—
CAW settlement	—	—	—	340
Loss (gain) on extinguishment of debt	—	—	(906)	—
Loss on extinguishment of UST Ally Financial Loan	—	—	1,994	—
Gain on conversion of UST Ally Financial Loan	—	—	(2,477)	—
Reorganization gains, net	—	—	(128,563)	—
Valuation allowances against deferred tax assets (a)	(63)	(63)	(751)	1,450
Total significant non-cash charges (gains)	$ (2)	$2,964	$(130,035)	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period. Refer to Note 23 to the consolidated financial statements.

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2010 all legal funding requirements had been met.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$4,872	$4,318	$586	$1,067

We made a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of cash of $4.0 billion in December 2010 and 61 million shares of our common stock valued at $2.2 billion for funding purposes in January 2011. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain restrictions are removed, which is expected in 2011.

The following table summarizes the underfunded status of pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. hourly and salaried	$11.5	$16.2
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	12.4	17.1
Non-U.S.	9.8	10.3
Total underfunded	$22.2	$27.4

On a U.S. GAAP basis, the U.S. pension plans were underfunded by $12.4 billion and $17.1 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to the actual return on plan assets of $11.6 billion and contributions of $4.1 billion, partially offset by actuarial losses primarily attributable to discount rate decreases of $5.3 billion and service and interest costs of $5.7 billion.

On a U.S. GAAP basis, the non-U.S. pension plans were underfunded by $9.8 billion and $10.3 billion at December 31, 2010 and 2009. The change in funded status was primarily attributable to: (1) actual return on plan assets of $1.2 billion; (2) employer contributions and benefit payments of $0.8 billion; (3) net favorable foreign currency translations of $0.3 billion; partially offset by (4) service and interest costs of $1.6 billion; and (5) actuarial losses and other of $0.2 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the underfunded status of OPEB plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. OPEB plans	$5.7	$5.8
Non-U.S. OPEB plans.	4.2	3.8
Total underfunded	$9.9	$9.6

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits(a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans(b)	Non-U.S. Plans
2011	$ 8,765	$1,460	$ 451	$ 189
2012	$ 8,463	$1,461	$ 427	$ 199
2013	$ 8,186	$1,480	$ 407	$ 209
2014	$ 7,999	$1,513	$ 391	$ 220
2015	$ 7,855	$1,534	$ 379	$ 231
2016-2020	$36,033	$7,889	$1,796	$1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement, which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Off-Balance Sheet Arrangements

We do not currently utilize off balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2010 and 2009.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $581 million at December 31, 2010. The maximum potential obligation under these commitments was $1.0 billion at December 31, 2009.

In May 2009 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends in August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $18.8 billion at December 31, 2010. This amount was estimated to be $14.2 billion at December 31, 2009. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $21 million and $46 million at December 31, 2010 and 2009 which considers the likelihood of dealers terminating and estimated the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 22 and 32 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2010 (dollars in millions):

	Payments Due by Period				
	2011	2012-2013	2014-2015	2016 and after	Total
Automotive debt (a)	$ 1,488	$ 1,014	$ 160	$ 3,209	$ 5,871
Automotive Financing debt (b)	3,495	2,658	766	—	6,919
Capital lease obligations	127	138	99	297	661
Automotive interest payments (c)	169	280	308	683	1,440
Automotive Financing interest payments (d)	175	146	40	1	362
Postretirement benefits (e)	469	164	—	—	633
Contractual commitments for capital expenditures	1,165	2	—	—	1,167
Operating lease obligations (f)	460	609	401	492	1,962
Other contractual commitments:					
Material	1,071	1,541	322	73	3,007
Information technology	956	156	16	—	1,128
Marketing	761	393	200	136	1,490
Facilities	146	151	65	10	372
Rental car repurchases	4,309	—	—	—	4,309
Policy, product warranty and recall campaigns liability	2,884	3,151	790	206	7,031
Other	87	33	—	—	120
Total contractual commitments (g) (h) (i)	$17,762	$10,436	$3,167	$ 5,107	$36,472
Non-contractual postretirement benefits (j)	$ 171	$ 1,078	$1,221	$21,182	$23,652

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2010.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes and convertible senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the current interest rate in effect at December 31, 2010.

(d) GM Financial interest payments are calculated based on LIBOR plus the respective credit spreads and specified fees associated with the medium-term note facility and the syndicated warehouse facility, the coupon rate for the senior notes and convertible senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements for 2011 and Canada labor agreements through 2012 and 2013. Amounts do not include pension funding obligations, which are discussed below under the caption “Required Pension Funding Obligations.”

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2010.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2010.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2011 to 2014 related to our Opel/ Vauxhall restructuring plan.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2010 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Required Pension Funding Obligations."

The table above does not reflect unrecognized tax benefits of $5.2 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts. We expect to settle a contested income tax matter in GMSA for cash of $0.2 billion in 2011.

The table above also does not reflect certain contingent loan and funding commitments that we have made with suppliers, other third parties and certain joint ventures. At December 31, 2010 we had commitments of $0.6 billion under these arrangements that were undrawn.

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act of 2006 (PPA) will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. The PPA also provides the flexibility of selecting a 3-Segment rate up to the preceding five months from the valuation date of October 1, 2010, i.e., the 3-Segment rate at May 31, 2010. Therefore, for a hypothetical funding valuation at December 31, 2010 we have assumed the 3-Segment rate at May 31, 2010 as the base for funding interest rate that we could use for the actual funding valuation. Since this hypothetical election does not limit us to only using the 3-Segment rate beyond 2010, we have assumed that we retain the flexibility of selecting a funding interest rate based on either the Full Yield Curve method or the 3-Segment method. A hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation, and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016.

Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for plan year beginning October 1, 2010 funding valuation and assuming the December 31, 2010 3-Segment interest rate for all future valuation projects contributions of $0.3 billion in 2016.

In both cases, we have assumed that the pension plans earn the expected return of 8.0% in the future and no changes in funding rates. U.S. pension funding interest rate and return on assets rate sensitivity are shown below, assuming the 3-segment rate at May 31, 2010 for plan year beginning on October 1, 2010 funding valuation and the full yield curve interest rate for all future valuations (in billions):

	Funding Interest Rate Sensitivity Table					Estimated Return on Assets–7% - 100 basis point decrease
	50 basis point increase	25 basis point increase	Base Line	25 basis point decrease	50 basis point decrease	
2011	$ —	$ —	$ —	$ —	$ —	$ —
2012	$ —	$ —	$ —	$ —	$ —	$ —
2013	$ —	$ —	$ —	$ —	$ —	$ —
2014	$ —	$ —	$ —	$ —	$0.5	$ —
2015	$ —	$0.7	$2.3	$4.0	$5.1	$3.1
2016	$0.7	$1.5	$1.2	$1.0	$0.8	$2.9

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at $2.2 billion for funding purposes. This was a voluntary contribution and the amount is reflected in the plan assets used to project the future required contributions above since the contributed shares qualify as a plan asset for funding purposes immediately. The contributed shares will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011.

The hypothetical valuations do not consider the potential election of relief provisions that are available to us under the Pension Relief Act of 2010 (PRA) for 2010 and 2011 plan year valuations.

We expect to contribute $95 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2011.

Fair Value Measurements

Automotive

At December 31, 2010 assets and liabilities classified in Level 3 were not significant. Prior to the three months ended December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, were as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk was not observable through a liquid credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants. In the three months ended December 31, 2010 we incorporated our published credit agency ratings into our credit rating conclusions. In the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents a significant input in the determination of the fair value of our foreign currency derivative liabilities. We have transferred these liabilities to Level 2.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Level 3 Assets and Liabilities

At December 31, 2010 we used Level 3 inputs to measure net liabilities of $14 million (or less than 0.1%) of our total liabilities. These net liabilities included $10 million (or less than 0.1%) of the total assets, and $24 million (or 16.4%) of the total liabilities that we measured at fair value.

In the year ended December 31, 2010 assets and liabilities measured using Level 3 inputs decreased $658 million from a net liability of $672 million to a net liability of $14 million. This reduction was primarily due to unrealized and realized gains on derivatives, the settlement of derivative positions according to their terms and maturities and the reclassification of outstanding derivative contracts from Level 3 to Level 2 during the three months ended December 31, 2010.

At December 31, 2010 our nonperformance risk remains unobservable through a liquid credit default swap market. During the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents significant input in the determination of the fair value of our derivatives. The effect of our nonperformance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million from Level 3 to Level 2.

At December 31, 2009 we used Level 3 inputs to measure net liabilities of $672 million (or 0.6%) of our total liabilities. These net liabilities included $33 million (or 0.1%) of the total assets, and $705 million (or 98.7%) of the total liabilities (all of which were derivative liabilities) that we measured at fair value. At December 31, 2009 we also included a nonperformance risk adjustment of $47 million in the fair value measurement of these derivatives which reflects a discount of 6.5% to the fair value before considering our credit risk.

For periods presented from June 1, 2009 through September 30, 2009 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. Foreign currency derivatives with a fair market value of $1.6 billion were transferred from Level 2 to Level 3 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the year ended December 31, 2010 and the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Automotive Financing

At December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, are as follows:

- Interest rate swaps – Level 3 inputs are used to determine the fair value of GM Financial's interest rate swaps because they are not exchange traded but instead traded in over-the-counter markets where quoted market prices are not readily available. The fair value of derivatives is derived using models that primarily use market observable inputs, such as interest rate yield curves and credit curves. The effects of GM Financial's and the counterparties' non-performance risk to the derivative trades is considered when measuring the fair value of derivative assets and liabilities.

Refer to Notes 21 and 24 to our consolidated financial statements for additional information regarding fair value measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments, and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock.

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following tables summarize dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Three Months Ended December 31, 2010	Three Months Ended September 30, 2010	Three Months Ended June 30, 2010	Three Months Ended March 31, 2010	Year Ended December 31, 2010 Total
Series A Preferred Stock (a)	$202	$203	$202	$203	$810
Series B Preferred Stock (b)	—	—	—	—	—
Total Preferred Stock dividends paid	$202	$203	$202	$203	$810

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST.

(b) At December 31, 2010 cumulative unpaid dividends on our Series B Preferred Stock was $25 million.

	Three Months Ended December 31, 2009	July 10, 2009 Through September 30, 2009	July 10, 2009 Through December 31, 2009
Series A Preferred Stock (a)	$203	$146	$349

(a) Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 UAW Retiree Settlement Agreement. As a result, $105 million of the $146 million of dividends paid in the three months ended September 30, 2009 and $147 million of the $203 million dividends paid in the three months ended December 31, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and
- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry SAAR of vehicle sales and our related market share as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analysis. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 to our consolidated financial statements for additional discussion of Restricted cash and marketable securities.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related obligations were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" (ASC 712) and ASC 715 and deferred income taxes were recorded in accordance with ASC 740.

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 to our consolidated financial statements for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

The following table summarizes the approximate effects that a change in the WACC and long-term growth rate assumptions would have had on our determination of the fair value of our common equity at July 10, 2009 keeping all other assumptions constant (dollars in billions except per share amounts):

Change in Assumption	Effect on Fair Value of Common Equity at July 10, 2009	Effect on Per Share Value at July 10, 2009
Two percentage point decrease in WACC	+$2.9	+$2.35
Two percentage point increase in WACC	–$2.4	–$1.92
One percentage point increase in long-term growth rate	+$0.5	+$0.40
One percentage point decrease in long-term growth rate	–$0.5	–$0.37

In order to estimate these effects, we adjusted the WACC and long-term growth rate assumptions for each of Old GM's former segments and for certain subsidiaries. The aggregated effect of these assumption changes on each of Old GM's former segments and for certain subsidiaries does not necessarily correspond to assumption changes made at a consolidated level.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. Due to significant events, including those discussed in Note 20 to our consolidated financial statements, certain of the pension plans were remeasured at various dates in the year ended December 31, 2010, the periods July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008.

Net pension expense is calculated based on the expected return on plan assets and not the actual return on plan assets. The expected return on U.S. plan assets that is included in pension expense is determined from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return. In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated return assumptions for equities and equity-like asset classes. Differences between the expected return on plan assets and the actual return on plan assets are recorded in Accumulated other comprehensive income (loss) as an actuarial gain or loss, and subject to possible amortization into net pension expense over future periods. A market-related value of plan assets, which averages gains and losses over a period of years, is utilized in the determination of future pension expense. For substantially all pension plans, market-related value is defined as an amount that initially recognizes 60.0% of the difference between the actual fair value of assets and the expected calculated value, and 10.0% of that difference over each of the next four years. The market-related value of assets at December 31, 2010 used to determine U.S. and non-U.S. net periodic pension income for the year ending December 31, 2011 was $4.1 billion and $0.3 billion lower than the actual fair value of plan assets at December 31, 2010.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. Old GM used an iterative process to determine the discount rate based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. pension obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which U.S. pension obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 92% of the non-U.S. pension benefit obligation at December 31, 2010. The discount rates for Canadian plans are determined using a cash flow matching approach, similar to the U.S. approach. The discount rates for plans in the United Kingdom and Germany use a curve derived from high quality corporate bonds with maturities consistent with the plans' underlying duration of expected benefit payments.

The following table summarizes rates used to determine net pension expense:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average expected long-term rate of return on U.S. plan assets	8.48%	8.50%	8.50%	8.50%
Weighted-average expected long-term rate of return on non-U.S. plan assets	7.42%	7.97%	7.74%	7.78%
Weighted-average discount rate for U.S. plan obligations	5.36%	5.63%	6.27%	6.56%
Weighted-average discount rate for non-U.S. plan obligations	5.19%	5.82%	6.23%	5.77%

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial gain (before tax) on pension plans (dollars in billions):

	Successor	
	December 31, 2010	December 31, 2009
Unamortized actuarial gain	$2.9	$3.0

The following table summarizes the actual and expected return on pension plan assets (dollars in billions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. actual return	$11.6	$9.9	$(0.2)	$(11.4)
U.S. expected return	$ 6.6	$3.0	$ 3.8	$ 8.0
Non-U.S. actual return	$ 1.2	$1.2	$ 0.2	$ (2.9)
Non-U.S. expected return	$ 1.0	$0.4	$ 0.4	$ 1.0

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	Successor			
	U.S. Plans		Non-U.S. Plans	
	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
25 basis point decrease in discount rate	–$110	+$2,540	–$ 7	+$714
25 basis point increase in discount rate	+$ 90	–$2,470	+$10	–$677
25 basis point decrease in expected return on assets	+$210	—	+$35	—
25 basis point increase in expected return on assets	–$210	—	–$35	—

The U.S. pension plans generally provide covered U.S. hourly employees hired prior to October 15, 2007 with pension benefits of negotiated, flat dollar amounts for each year of credited service earned by an individual employee. Early retirement supplements are also provided to those who retire prior to age 62. Hourly employees hired after October 15, 2007 participate in a cash balance pension plan. Formulas providing for such stated amounts are contained in the applicable labor contract. Pension expense and the pension obligations do not consider any future benefit increases or decreases that may occur beyond current labor contracts. The usual cycle for negotiating new labor contracts is every four years. We do not have a past practice of maintaining a consistent level of benefit increases or decreases from one contract to the next.

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S hourly pension plan at December 31, 2010, as a result of changes in future benefit units for U.S. hourly employees, effective after the expiration of the current contract (dollars in millions):

	Successor	
Change in future benefit units	Effect on 2011 Pension Expense	Effect on December 31, 2010 PBO
One percentage point increase in benefit units	+$81	+$240
One percentage point decrease in benefit units	–$79	–$233

We utilize a variety of pricing sources to estimate the fair value of our pension assets, including: independent pricing vendors, dealer or counterparty supplied valuations, third party appraisals, appraisals prepared by investment managers, or investment sponsor or third party administrator supplied net asset value (or its equivalent) per share (NAV) used as a practical expedient.

A significant portion of our pension assets are classified in Level 3. Pension assets for which fair value is determined through the use of NAV and for which we may not have the ability to redeem our entire investment with the investee at NAV as of the measurement date or in the near-term, are classified in Level 3. We classify pension assets that include significant unobservable inputs in Level 3.

Significant assets classified in Level 3, with the related Level 3 inputs to the valuation that may be subject to volatility and change, and additional considerations for leveling, are as follows:

- Government, agency and corporate debt securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

- Group annuity contracts – The value of each group annuity contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by these accounts. The separately managed investment accounts, which typically calculate NAV, and underlying assets are valued in accordance with the valuation policies of the respective insurers. Inherent restrictions that do not allow redemption of our entire investment at NAV at the measurement date or in the near-term are the primary considerations for these investments being classified in Level 3.

- Agency and non-agency mortgage and other asset-backed securities — Pricing services and dealers often use proprietary pricing models which incorporate unobservable inputs. These inputs typically consist of prepayment curves, discount rates, default assumptions and recovery rates. Management may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk, in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

- Investment funds, private equity and debt investments, and real estate assets — The funds and certain special purpose entities valued using NAV, and in which we may not have the ability to redeem our entire investment with the investee at NAV at the measurement date or in near-term, are classified in Level 3. The Level 3 inputs for these investments include NAV provided by the investment sponsor or third party administrator. When NAV was not used as a practical expedient, the fair value estimates provided by investment sponsors are used. These fair value estimates are reviewed, and in cases where these estimates do not represent fair value they may be adjusted by management based on changes in the composition or performance of the underlying investments or comparable investments, overall market conditions, and other economic factors. Such fair value adjustments at December 31, 2009 and 2010 were not significant.

Refer to Note 4 to our consolidated financial statements for a more detailed discussion of the inputs used to determine fair value for each significant asset class or category.

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. Old GM estimated the discount rate using an iterative process based on a hypothetical investment in a portfolio of high-quality bonds rated AA or higher by a recognized rating agency and a hypothetical reinvestment of the proceeds of such bonds upon maturity using forward rates derived from a yield curve until the U.S. OPEB obligation was defeased. This reinvestment component was incorporated into the methodology because it was not feasible, in light of the magnitude and time horizon over which the U.S. OPEB obligations extend, to accomplish full defeasance through direct cash flows from an actual set of bonds selected at any given measurement date.

Beginning in September 2008, the discount rate used for the benefits to be paid from the UAW retiree medical plan during the period September 2008 through December 2009 was based on a yield curve which used projected cash flows of representative high-quality AA rated bonds matched to spot rates along a yield curve to determine the present value of cash flows to calculate a single equivalent discount rate. All other U.S. OPEB plans started using a discount rate based on a yield curve on July 10, 2009. The UAW retiree medical plan was settled on December 31, 2009 and the plan assets were contributed to the New VEBA as part of the payment terms under the 2009 UAW Retiree Settlement Agreement. We are released from UAW retiree healthcare claims incurred after December 31, 2009.

The significant non-U.S. OPEB plans cover Canadian employees. The discount rates for the Canadian plans are determined using a cash flow matching approach, similar to the U.S. OPEB plans.

The following table summarizes the weighted-average discount rate used to determine net OPEB expense for the significant plans:

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Weighted-average discount rate for U.S. plans	5.57%	6.81%	8.11%	7.02%
Weighted-average discount rate for non-U.S. plans	5.22%	5.47%	6.77%	5.90%

As a result of modifications made as part of the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining at December 31, 2010 and, therefore, the healthcare cost trend rate no longer has a significant effect in the U.S. An estimate is developed of the healthcare cost trend rates used to value benefit obligations for non-U.S. plans through review of historical retiree cost data and near-term healthcare outlook which includes appropriate cost control measures that have been implemented. Changes in the healthcare cost trend rate can have significant effect on the actuarially determined obligation and related OPEB expense.

The following table summarizes the healthcare cost trend rates used in the remeasurement of the APBO:

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans (a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates based on the last remeasurement of the benefit plans at December 31, 2010 (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$31	+$491
One percentage point decrease	–$25	–$392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Layoff Benefits

UAW employees are provided with reduced wages and continued coverage under certain employee benefit programs through the SUB and TSP job security programs. The number of weeks that an employee receives these benefits depends on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. Considerable management judgment and assumptions are required in calculating the related liability, including productivity initiatives, capacity actions and federal and state unemployment payments. The assumptions for the related benefit costs include the incidence of mortality, retirement, turnover and the healthcare trend rate, which are applied on a consistent basis with other U.S. hourly benefit plans. While we believe our judgments and assumptions are reasonable, changes in the assumptions underlying these estimates, which we revise each quarter, could result in a material effect on the financial statements in a given period.

Deferred Taxes / Valuation Allowances

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

The valuation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material impact on our financial condition and results of operations.

Though objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions, we are experiencing positive evidence trends in various jurisdictions. South Korea and Australia are farther ahead in this trend of sustained operating profits and taxable income. U.S. and Canada operations are showing early signs of this positive evidence trend, and Germany, Spain and the United Kingdom operations are not yet experiencing such a favorable shift. To the extent this trend continues, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of some or all of the valuation allowances.

Refer to Note 23 to our consolidated financial statements for additional information regarding deferred taxes and valuation allowances.

Valuation of Vehicle Operating Leases and Lease Residuals

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from nine months to five years. A customer is obligated to make payments during the term of a lease to the contract residual. A customer is not obligated to purchase a vehicle at the end of a lease, and we are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Residual values are initially determined by consulting independently published residual value guides. Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the leased vehicle. Additionally, for automotive retail leases, an adjustment may also be made to the estimate of sales incentive accruals for residual support and risk sharing programs initially recorded when the vehicles are sold.

With respect to residual values of automotive leases to daily rental car companies, due to the short-term nature of the operating leases, Old GM historically had forecasted auction proceeds at lease termination. In the three months ended December 31, 2008 forecasted auction proceeds in the United States differed significantly from actual auction proceeds due to highly volatile economic conditions, in particular a decline in consumer confidence and available consumer credit, which affected the residual values of vehicles at auction. Due to these significant uncertainties, Old GM determined that it no longer had a reliable basis to forecast auction proceeds in the United States and began utilizing current auction proceeds to estimate the residual values in the impairment analysis for the automotive leases to daily rental car companies, which is consistent with Old GM's impairment analyses for automotive retail leases. As a result of this change in estimate, Old GM recorded an incremental impairment charge of $144 million in the three months ended December 31, 2008 related to the automotive leases to daily rental car companies.

The following table summarizes recorded impairment charges related to automotive retail leases to daily rental car companies and automotive retail leases (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Automotive retail leases to daily rental car companies	$49	$18	$47	$382
Automotive retail leases (a)	$—	$—	$16	$377

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

We continue to use the lower of forecasted or current auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated. Significant differences will also affect the residual support and risk sharing reserves established as a result of certain agreements with Ally Financial, whereby Ally Financial is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio. During the year ended December 31, 2010 we recorded favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion in the U.S. due to increases in estimated residual values.

The following table illustrates the effect of changes in our estimate of vehicle sales proceeds at lease termination on residual support and risk sharing reserves related to vehicles owned by Ally Financial at December 31, 2010 and 2009 holding all other assumptions constant (dollars in millions):

	Successor	
	December 31, 2010 Effect on Residual Support and Risk Sharing Reserves	December 31, 2009 Effect on Residual Support and Risk Sharing Reserves
10% increase in vehicle sales proceeds	–$ 73	–$534
10% decrease in vehicle sales proceeds	+$196	+$381

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

Due to the contractual terms of our residual support and risk sharing agreements with Ally Financial, which currently limit our maximum obligation to Ally Financial should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds.

The following table summarizes the maximum obligation and recorded receivables and liabilities associated with the contractual terms of our residual support and risk sharing agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Maximum obligation		
Residual support	$ 523	$1,159
Risk sharing agreements	$ 692	$1,392
Outstanding receivables (liabilities)		
Residual support	$ 24	$ (369)
Risk sharing agreements	$(269)	$ (366)

When a lease vehicle is returned or repossessed by us, the asset is recorded at the lower of cost or estimated selling price, less cost to sell.

Impairment of Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment in the fourth quarter of each year for all reporting units, or more frequently if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied value. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level.

At December 31, 2010 we had goodwill of $31.8 billion, which predominately arose upon the application of fresh-start reporting and the acquisition of AmeriCredit. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. In conjunction with the acquisition of GM Financial in October 2010, we recorded $1.3 billion of acquisition related goodwill, including $153 million recorded at the acquisition-date to establish a valuation allowance for deferred taxes which was not applicable to GM Financial on a stand-alone basis.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing and in evaluating whether it is more likely than not that a goodwill impairment exists for reporting units with zero or negative carrying values. An event-driven impairment test is required if it is more likely than not that the fair value of a reporting unit is less than its net book value. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments. Refer to Note 4 to our consolidated financial statements for additional information related to the adoption of ASU 2010-28, "Intangibles, Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units."

Future goodwill impairments could occur should the fair value-to-U.S. GAAP adjustments differences decrease. Goodwill predominately resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts would decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP adjustments differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill.

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share.

During the three months ended December 31, 2010 we performed our annual goodwill impairment testing for all reporting units. Based on this testing, we determined that goodwill was not impaired. The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2 to our consolidated financial statements, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures. The following table summarizes the key assumptions for each of our more significant reporting units utilized in our 2010 annual goodwill impairment testing as of October 1, 2010 (dollars and volumes in millions):

	Goodwill Amount as of October 1, 2010	WACC	Long-Term Growth Rates	Industry Sales		Market Share	
				2011	2014	2011	2014
GMNA	$26,410	16.5%	1.5%	15.9	20.2	18.5%	18.2%
GME	$ 3,096	17.0%	0.5%	18.4	21.3	6.8%	7.6%
GM Daewoo (a)	$ 632	16.0%	3.0%	77.9	91.8	1.2%	1.4%
Holden	$ 186	14.5%	3.0%	1.0	1.1	12.4%	13.5%
GM Mercosur	$ 120	15.3%	4.7%	4.6	5.4	18.6%	17.0%

(a) Industry sales volume and market share for GM Daewoo are based on global industry volumes as GM Daewoo exports vehicles globally.

The WACCs considered various factors including bond yields, risk premiums, and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond 2014; and industry sales and a market share for each reporting unit included annual estimates through 2014, except for GME which is through 2015.

Our fair value estimates assume the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

In calculating the fair values of our more significant reporting units during our 2010 annual goodwill impairment testing, keeping all other assumptions constant, the carrying values of these reporting units would still exceed their estimated fair values had our WACC increased by 16.5 percentage points for GMNA, 7 percentage points for GME, 11 percentage points for GM Daewoo, 13.5 percentage points for Holden and 8.7 percentage points for GM Mercosur.

In the three months ended June 30, 2010 there were event-driven changes in circumstances within our GME reporting unit that warranted the testing of goodwill for impairment. In the three months ended June 30, 2010 anticipated competitive pressure on our margins in the near- and medium-term led us to believe that the goodwill associated with our GME reporting unit may be impaired. Utilizing the best available information at June 30, 2010, the date of impairment measurement, we performed a Step 1 goodwill impairment test for our GME reporting unit, and concluded that goodwill was not impaired. The fair value of our GME reporting unit was estimated to be approximately $325 million over its carrying amount. If we had not passed Step 1, we believe the amount of any goodwill impairment would approximate $140 million representing the net decrease, from July 9, 2009 through June 30, 2010, in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill.

Refer to Notes 13 and 26 to our consolidated financial statements for additional information on goodwill impairments.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived assets are tested for impairment at the platform level. Non-product line specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs. Refer to Note 26 to our consolidated financial statements for additional information on impairments of long-lived assets and intangibles.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, equity investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge would be recorded whenever a decline in value of an equity investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary we consider and Old GM considered such factors as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the equity affiliate, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery.

When available, quoted market prices are used to determine fair value. If quoted market prices are not available, fair value is based upon valuation techniques that use, where possible, market-based inputs. Generally, fair value is estimated using a combination of the income approach and the market approach because circumstances usually do not permit the use of a single approach. Under the income approach, estimated future cash flows are discounted at a rate commensurate with the risk involved using marketplace assumptions. Under the market approach, valuations are based on actual comparable market transactions and market earnings and book value multiples for the same or comparable entities. The assumptions used in the income and market approaches have a significant effect on the determination of fair value. Significant assumptions include estimated future cash flows, appropriate discount rates, and adjustments to market transactions and market multiples for differences between the market data and the investment being valued. Changes to these assumptions could have a significant effect on the valuation of cost and equity method investments.

In the three months ended December 31, 2009 we recorded impairment charges related to our investment in Ally Financial common stock of $270 million. We determined the fair value of our investment in Ally Financial common stock using a market multiple, sum-of-the-parts methodology. This methodology considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's operations, which were then aggregated to determine Ally Financial's overall fair value. Based on our analysis, the estimated fair value of our investment in Ally Financial common stock was determined to be $970 million, resulting in an impairment charge of $270 million. The following table illustrates the effect of a 0.1 change in the average price/ tangible book value multiple on our impairment charge (dollars in millions):

Change in Assumption	Effect on December 31, 2009 Impairment Charges
Increase in average price/tangible book value multiple	+$100
Decrease in average price/tangible book value multiple	–$100

At December 31, 2010 the balance of our investment in Ally Financial common stock was $964 million and the balance of our investment in Ally Financial preferred stock was $665 million.

Derivatives

Derivatives are used in the normal course of business to manage exposures arising from market risks resulting from changes in certain commodity prices and interest and foreign currency exchange rates. Derivatives are accounted for in the consolidated balance sheets as assets or liabilities at fair value.

Significant judgments and estimates are used in estimating the fair values of derivative instruments, particularly in the absence of quoted market prices. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and December 31, 2009, our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009, all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010, we have determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. As of December 31, 2010 all automotive operations derivatives have been classified in Level 2.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 4 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;

- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The financial viability and ability to borrow of our key suppliers and their ability to provide systems, components and parts without disruption;
- Our ability to take actions we believe are important to our long-term strategy, including our ability to enter into certain material transactions outside of the ordinary course of business, which may be limited due to significant covenants in our secured revolving credit facility;
- Our ability to manage the distribution channels for our products, including our ability to consolidate our dealer network;
- The ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates in the United States, Canada and the other markets in which we operate to support our ability to sell vehicles in those markets, which is dependent on Ally Financial's ability to obtain funding and which may be suspended by Ally Financial if Ally Financial's credit exposure to us exceeds certain limitations provided in our operating arrangements with Ally Financial;
- Our ability to develop captive financing capability, including through GM Financial and to successfully integrate GM Financial into our operations;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the United States and in global markets;
- Continued economic instability or poor economic conditions in the United States and global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Quantitative and Qualitative Disclosures About Market Risk

Automotive

We and Old GM entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is comprised of members of our Management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our risk management policy. Our prior policy was intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is primarily to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

A discussion of our and Old GM's accounting policies for derivative financial instruments is included in Note 4 to our consolidated financial statements. Further information on our exposure to market risk is included in Note 21 to our consolidated financial statements.

Old GM's credit standing and liquidity position in the first half of 2009 and the Chapter 11 Proceedings severely limited its ability to manage risks using derivative financial instruments as most derivative counterparties were unwilling to enter into transactions with Old GM. Subsequent to the 363 Sale and through December 31, 2009, we were largely unable to enter forward contracts pending the completion of negotiations with potential derivative counterparties. Since August 2010 we executed new agreements with counterparties that enable us to enter into options, forward contracts and swaps.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, primarily due to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have and Old GM had foreign currency exposures related to buying, selling, and financing in currencies other than the functional currencies of the operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2010 such contracts have remaining maturities of up to 12 months. At December 31, 2010 our three most significant foreign currency exposures are the Euro/British Pound, U.S. Dollar/Korean Won, and Euro/Korean Won.

At December 31, 2010 and 2009 the net fair value liability of financial instruments with exposure to foreign currency risk was $3.3 billion and $5.9 billion. This presentation utilizes a population of foreign currency exchange derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $513 million and $941 million at December 31, 2010 and 2009.

We are and Old GM was exposed to foreign currency risk due to the translation of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial position.

The following table summarizes the amounts of automotive foreign currency translation and transaction gains (losses) (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Foreign currency translation gain (loss) recorded in accumulated other comprehensive income (loss)	$ 235	$ 157	$ 232
Foreign currency transaction gain (loss) recorded in earnings	$(209)	$(755)	$(1,077)

Interest Rate Risk

We are and Old GM was subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

Interest rate risk in Old GM was managed primarily with interest rate swaps. The interest rate swaps Old GM entered into usually involved the exchange of fixed for variable rate interest payments to effectively convert fixed rate debt into variable rate debt in order to achieve a target range of variable rate debt. At December 31, 2010 we did not have any interest rate swap derivative positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate	1,311	9,629
Total short-term debt	$1,616	$10,221
Short-term debt — fixed rate denominated in U.S. dollars	$ 96	$ 232
Short-term debt — fixed rate denominated in foreign currency	209	360
Total short-term debt — fixed rate	$ 305	$ 592
Short-term debt — variable rate denominated in U.S. dollars	$ 347	$ 6,253
Short-term debt — variable rate denominated in foreign currency	964	3,376
Total short-term debt — variable rate	$1,311	$ 9,629
Long-term debt — fixed rate	$2,519	$ 4,689
Long-term debt — variable rate	495	873
Total long-term debt	$3,014	$ 5,562
Long-term debt — fixed rate denominated in U.S. dollars	$ 601	$ 3,401
Long-term debt — fixed rate denominated in foreign currency	1,918	1,288
Total long-term debt – fixed rate	$2,519	$ 4,689
Long-term debt — variable rate denominated in U.S. dollars	$ 287	$ 551
Long-term debt — variable rate denominated in foreign currency	208	322
Total long-term debt — variable rate	$ 495	$ 873

At December 31, 2010 and 2009 the fair value liability of debt and capital leases was $4.8 billion and $16.0 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $166 million and $402 million at December 31, 2010 and 2009.

At December 31, 2010 we had $6.6 billion in marketable securities with exposure to interest rate risk. We invest in securities of various types and maturities, the value of which are subject to fluctuations in interest rates. The potential decrease in fair value from a 50 basis point increase in interest rates would be $15 million at December 31, 2010. Our exposure to interest rate risk on marketable securities at December 31, 2009 was insignificant.

Commodity Price Risk

We are and Old GM was exposed to changes in prices of commodities used in the automotive business, primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. Old GM entered into various derivatives, such as commodity swaps and options, to offset its commodity price exposures. We use commodity options to offset our commodity price exposures.

At December 31, 2010 and 2009 the net fair value asset of commodity derivatives was $84 million and $11 million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $47 million and $6 million at December 31, 2010 and 2009. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

We are and Old GM was exposed to changes in prices of equity securities held. We typically do not attempt to reduce our market exposure to these equity instruments. Our exposure includes certain investments we hold in warrants of other companies. At December 31, 2010 and 2009 the fair value of these warrants was $44 million and $25 million. At December 31, 2010 and 2009 our exposure also includes investments of $43 million and $45 million in equity securities recorded at fair value. These amounts represent the maximum exposure to loss from these investments.

At December 31, 2010, the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and Ally Financial preferred stock were $964 million and $665 million. At December 31, 2009 the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and preferred stock were $970 million and $665 million. These amounts represent the maximum exposure to loss from these investments.

Counterparty Risk

We are exposed to counterparty risk on derivative contracts, which is the loss we could incur if a counterparty to a derivative contract defaulted. We enter into agreements with counterparties that allow the set-off of certain exposures in order to manage this risk.

Our counterparty risk is managed by our Risk Management Committee, which establishes exposure limits by counterparty. We monitor and report our exposures to the Risk Management Committee on a periodic basis. At December 31, 2010 a majority of all of our counterparty exposures are with counterparties that are rated A or higher.

Concentration of Credit Risk

We are exposed to concentration of credit risk primarily through holding cash and cash equivalents (which include money market funds), short- and long-term investments and derivatives. As part of our risk management process, we monitor and evaluate the credit standing of the financial institutions with which we do business. The financial institutions with which we do business are generally highly rated and geographically dispersed.

We are exposed to credit risk related to the potential inability to access liquidity in money market funds we invested in if the funds were to deny redemption requests. As part of our risk management process, we invest in large funds that are managed by reputable financial institutions. We also follow investment guidelines to limit our exposure to individual funds and financial institutions.

Automotive Financing

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities. The purchaser of the interest rate cap pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated cap rate. The purchaser of the interest rate cap bears no obligation or liability if interest rates fall below the cap rate. As part of GM Financial's interest rate risk management strategy and when economically feasible, it may simultaneously enter into a corresponding interest rate cap agreement in order to offset the premium paid by the trust to purchase the interest rate cap and thus retain the interest rate risk. The fair value of the interest rate cap purchased is included in Total GM Financial Assets and the fair value of the interest rate cap agreement sold is included in Total GM Financial Liabilities.

Securitizations

The interest rate demanded by investors in GM Financial's securitization transactions depends on prevailing market interest rates for comparable transactions and the general interest rate environment. GM Financial utilizes several strategies to minimize the effect of interest rate fluctuations on its gross interest rate margin, including the use of derivative financial instruments and the regular sale or pledging of automotive receivables to securitization trusts.

In GM Financial's securitization transactions, it transfers fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. The fixed rates on securities issued by the trusts are indexed to market interest rate swap spreads for transactions of similar duration or various LIBOR rates and do not fluctuate during the term of the securitization. The floating rates on securities issued by the trusts are indexed to LIBOR and fluctuate periodically based on movements in LIBOR. Derivative financial instruments, such as interest rate swap and cap derivatives, are used to manage the gross interest rate spread on these transactions. GM Financial uses interest rate swap derivatives to convert the variable rate exposures on securities issued by its securitization trusts to a fixed rate, thereby locking in the gross interest rate spread to be earned by it over the life of a securitization. Interest rate swap derivatives purchased by GM Financial do not affect the amount of cash flows received by holders of the asset-backed securities issued by the trusts. The interest rate swap derivative serve to offset the effect of increased or decreased interest paid by the trusts on floating rate asset-backed securities on the cash flows received from the trusts. GM Financial utilizes such arrangements to modify its net interest sensitivity to levels deemed appropriate based on risk tolerance. In circumstances where the interest rate risk is deemed to be tolerable, usually if the risk is less than one year in term at inception, GM Financial may choose not to hedge potential fluctuations in cash flows due to changes in interest rates. Its special purpose entities are contractually required to purchase a derivative financial instrument to protect the net spread in connection with the issuance of floating rate securities even if GM Financial chooses not to hedge its future cash flows. Although the interest rate cap derivatives are purchased by the trusts, cash outflows from the trusts ultimately affect GM Financial's retained interests in the securitization transactions as cash expended by the securitization trusts will decrease the ultimate amount of cash to be received by GM Financial. Therefore, when economically feasible, GM Financial may simultaneously sell a corresponding interest rate cap derivative to offset the premium paid by the trust to purchase the interest rate cap derivative. The fair value of the interest rate cap derivatives purchased in connection with securitization transactions are included in Total GM Financial Assets and the fair value of the interest rate cap derivatives sold are included in Total GM Financial Liabilities. Changes in the fair value of the interest rate cap derivatives are a component of interest expense recorded in GM Financial operating expenses and other.

GM Financial has entered into interest rate swap derivatives to hedge the variability in interest payments on eight of its active securitization transactions. Portions of these interest rate swap derivatives are designated and qualify as cash flow hedges. The fair value of interest rate swap derivatives designated as hedges is included in GM Financial Other liabilities. Interest rate swap derivatives that are not designated as hedges are included in GM Financial Other assets.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2010 (dollars in millions):

	Years Ending December 31,						December 31, 2010
	2011	2012	2013	2014	2015	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,755	$2,434	$1,287	$ 678	$ 372	$ 161	$8,186
Weighted-average annual percentage rate	15.74%	15.66%	15.57%	15.36%	15.21%	15.37%	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 23
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 177	$ 164	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.81%	4.73%	4.71%	4.53%	4.18%	3.47%	
Liabilities							
Credit facilities							
Principal amounts	$ 533	$ 296	$ —	$ —	$ —	$ —	$ 832
Weighted-average interest rate	3.19%	2.28%	—	—	—	—	
Securitization notes							
Principal amounts	$2,961	$1,703	$ 659	$ 423	$ 275	$ —	$6,107
Weighted-average interest rate	3.44%	4.03%	4.44%	4.38%	4.88%	—	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 68	$ —	$ 71
Weighted-average interest rate	—	—	—	—	8.50%	—	
Convertible senior notes							
Principal amounts	$ 1	$ —	$ 1	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	0.75%	—	2.13%	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 47
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 104	$ 123	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.94%	4.85%	4.71%	4.53%	4.18%	3.47%	

GM Financial estimates the realization of financing receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Notional amounts on interest rate swap and cap derivatives are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swap and cap derivatives, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of GM Financial's exposure to loss through its use of these derivatives.

GM Financial monitors hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that these strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on GM Financial's profitability. GM Financial does not enter into derivative transactions for speculative purposes.

* * * * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of General Motors Company and subsidiaries as of and for the year ended December 31, 2010 (Successor). Our report dated March 1, 2011 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to the Successor's adoption of a revised accounting standard related to consolidation principles.

Deloitte & Touche LLP

Detroit, Michigan
March 1, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2010 (Successor) and 2009 (Successor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the Consolidated Statements of Operations, Cash Flows and Equity (Deficit) of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included Schedule II - Valuation and Qualifying Accounts (the "financial statement schedule"). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2010 (Successor) and 2009 (Successor) and the results of their operations and their cash flows for the year ended December 31, 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the results of operations and cash flows of General Motors Corporation and Subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) and the year ended December 31, 2008 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 4 to the consolidated financial statements, the Successor adopted amendments to Accounting Standards Codification (ASC) Topic 810, *Consolidation*, effective January 1, 2010.

As discussed in Note 2 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with ASC Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

As discussed in Note 4 to the consolidated financial statements, the Predecessor adopted amendments to ASC Topic 805, *Business Combinations*, effective January 1, 2009.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor's internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 1, 2011 expressed an unqualified opinion on the Successor's internal control over financial reporting.

Deloitte & Touche LLP

Detroit, Michigan
March 1, 2011

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Net sales and revenue				
Automotive sales	$135,142	$57,329	$ 46,787	$147,732
GM Financial and other revenue	281	—	—	—
Other automotive revenue	169	145	328	1,247
Total net sales and revenue	135,592	57,474	47,115	148,979
Costs and expenses				
Automotive cost of sales	118,792	56,381	55,814	149,257
GM Financial operating expenses and other	152	—	—	—
Automotive selling, general and administrative expense	11,446	6,006	6,161	14,253
Other automotive expenses, net	118	15	1,235	6,699
Total costs and expenses	130,508	62,402	63,210	170,209
Operating income (loss)	5,084	(4,928)	(16,095)	(21,230)
Equity in income (loss) of and disposition of interest in Ally Financial	—	—	1,380	(6,183)
Automotive interest expense	(1,098)	(694)	(5,428)	(2,525)
Interest income and other non-operating income, net	1,555	440	852	424
Gain (loss) on extinguishment of debt	196	(101)	(1,088)	43
Reorganization gains, net (Note 2)	—	—	128,155	—
Income (loss) before income taxes and equity income	5,737	(5,283)	107,776	(29,471)
Income tax expense (benefit)	672	(1,000)	(1,166)	1,766
Equity income, net of tax	1,438	497	61	186
Net income (loss)	6,503	(3,786)	109,003	(31,051)
Net (income) loss attributable to noncontrolling interests	(331)	(511)	115	108
Net income (loss) attributable to stockholders	6,172	(4,297)	109,118	(30,943)
Less: Cumulative dividends on and charge related to purchase of preferred stock (Note 29)	1,504	131	—	—
Net income (loss) attributable to common stockholders	$ 4,668	$ (4,428)	$109,118	$ (30,943)
Earnings (loss) per share (Note 30)				
Basic				
Net income (loss) attributable to common stockholders	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Weighted-average common shares outstanding	1,500	1,238	611	579
Diluted				
Net income (loss) attributable to common stockholders	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)
Weighted-average common shares outstanding	1,624	1,238	611	579
Cash dividends per common share	$ —	$ —	$ —	$ 0.50

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	Successor	
	December 31, 2010	**December 31, 2009**
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 21,061	$ 22,679
Marketable securities	5,555	134
Total cash, cash equivalents and marketable securities	26,616	22,813
Restricted cash and marketable securities	1,240	13,917
Accounts and notes receivable (net of allowance of $252 and $250)	8,699	7,518
Inventories	12,125	10,107
Assets held for sale	—	388
Equipment on operating leases, net	2,568	2,727
Other current assets and deferred income taxes	1,805	1,777
Total current assets	53,053	59,247
Automotive Non-current Assets		
Restricted cash and marketable securities	1,160	1,489
Equity in net assets of nonconsolidated affiliates	8,529	7,936
Property, net	19,235	18,687
Goodwill	30,513	30,672
Intangible assets, net	11,882	14,547
Deferred income taxes	308	564
Assets held for sale	—	530
Other assets	3,286	2,623
Total non-current assets	74,913	77,048
Total Automotive Assets	127,966	136,295
GM Financial Assets		
Finance receivables (including finance receivables transferred to special purpose entities of $7,156 at December 31, 2010; Note 7)	8,197	—
Restricted cash	1,090	—
Goodwill	1,265	—
Other assets	380	—
Total GM Financial Assets	10,932	—
Total Assets	$138,898	$136,295
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 21,497	$ 18,725
Short-term debt and current portion of long-term debt (including debt at GM Daewoo of $70 at December 31, 2010; Note 17)	1,616	10,221
Liabilities held for sale	—	355
Postretirement benefits other than pensions	625	846
Accrued liabilities (including derivative liabilities at GM Daewoo of $111 at December 31, 2010; Note 17)	23,419	22,288
Total current liabilities	47,157	52,435
Automotive Non-current Liabilities		
Long-term debt (including debt at GM Daewoo of $835 at December 31, 2010; Note 17)	3,014	5,562
Liabilities held for sale	—	270
Postretirement benefits other than pensions	9,294	8,708
Pensions	21,894	27,086
Other liabilities and deferred income taxes	13,021	13,279
Total non-current liabilities	47,223	54,905
Total Automotive Liabilities	94,380	107,340
GM Financial Liabilities		
Securitization notes payable (Note 19)	6,128	—
Credit facilities	832	—
Other liabilities	399	—
Total GM Financial Liabilities	7,359	—
Total Liabilities	101,739	107,340
Commitments and contingencies (Note 22)		
Preferred stock Series A, $0.01 par value (2,000,000,000 shares authorized and 360,000,000 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2009)	—	6,998
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2010)	5,536	—
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2010)	4,855	—
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,500,136,998 shares and 1,500,000,000 shares issued and outstanding at December 31, 2010 and 2009)	15	15
Capital surplus (principally additional paid-in capital)	24,257	24,040
Retained earnings (accumulated deficit)	266	(4,394)
Accumulated other comprehensive income	1,251	1,588
Total stockholders' equity	36,180	21,249
Noncontrolling interests	979	708
Total equity	37,159	21,957
Total Liabilities and Equity	$138,898	$136,295

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from operating activities				
Net income (loss)	$ 6,503	$(3,786)	$ 109,003	$(31,051)
Less: GM Financial income	90	—	—	—
Automotive income (loss)	6,413	(3,786)	109,003	(31,051)
Adjustments to reconcile income (loss) to net cash provided by (used in) operating activities				
Depreciation, impairment charges and amortization expense	6,923	4,511	6,873	18,724
Delphi charges	—	—	—	4,797
Foreign currency translation and transaction (gain) loss	209	755	1,077	(1,705)
Amortization of discount and issuance costs on debt issues	163	140	3,897	189
(Gain) loss related to Saab deconsolidation and bankruptcy filing	—	(59)	478	—
Undistributed earnings of nonconsolidated affiliates	(753)	(497)	1,036	(727)
Pension contributions and OPEB payments	(5,723)	(5,832)	(2,472)	(4,898)
Pension and OPEB expense, net	412	3,570	3,234	2,747
Withdrawals (contributions) to VEBA	—	(252)	9	1,355
(Gain) loss on extinguishment of debt	(196)	101	1,088	—
Gain on disposition of Ally Financial Common Membership Interests	—	—	(2,477)	—
Reorganization gains, net (including cash payments $408)	—	—	(128,563)	—
Provisions (benefits) for deferred taxes	242	(1,427)	(600)	1,163
Change in other investments and miscellaneous assets	(137)	292	596	(395)
Change in other operating assets and liabilities, net of acquisitions and disposals (Note 36)	(981)	3,372	(10,229)	94
Other	17	176	(1,253)	(2,358)
Net cash provided by (used in) operating activities–Automotive	6,589	1,064	(18,303)	(12,065)
Net income–GM Financial	90	—	—	—
Adjustments to reconcile income to net cash provided by operating activities	86	—	—	—
Change in operating assets and liabilities	15	—	—	—
Net cash provided by operating activities–GM Financial	191	—	—	—
Net cash provided by (used in) operating activities	6,780	1,064	(18,303)	(12,065)

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash flows from investing activities				
Expenditures for property	(4,200)	(1,862)	(3,517)	(7,530)
Available-for-sale marketable securities, acquisitions	(11,012)	—	(202)	(3,771)
Trading marketable securities, acquisitions	(358)	(158)	—	—
Available-for-sale marketable securities, liquidations	5,611	3	185	5,866
Trading marketable securities, liquidations	343	168	—	—
Acquisition of companies, net of cash acquired other than cash acquired with GM Financial	(3,580)	(2,127)	—	(1)
Increase due to consolidation of business units	63	222	46	—
Distributions from (investments in) Ally Financial	—	72	(884)	—
Operating leases, liquidations	346	564	1,307	3,610
Proceeds from sale of business units/equity investments, net	317	—	—	232
Proceeds from sale of real estate, plants and equipment	188	67	38	347
Change in notes receivable	46	61	(23)	(430)
Increase in restricted cash and marketable securities	(871)	(3,604)	(18,461)	(87)
Decrease in restricted cash and marketable securities	13,823	8,775	418	—
Other investing activities	2	(25)	(41)	—
Net cash provided by (used in) investing activities–Automotive	718	2,156	(21,134)	(1,764)
GM Financial cash on hand at acquisition	538	—	—	—
Purchase of receivables	(947)	—	—	—
Principal collections and recoveries on receivables	871	—	—	—
Other investing activities	53	—	—	—
Net cash provided by (used in) investing activities–GM Financial	515	—	—	—
Net cash provided by (used in) investing activities	1,233	2,156	(21,134)	(1,764)
Cash flows from financing activities				
Net decrease in short-term debt	(1,097)	(352)	(2,364)	(4,100)
Proceeds from issuance of debt (original maturities greater than three months)	718	6,153	53,949	9,928
Payments on debt (original maturities greater than three months)	(10,536)	(5,259)	(6,072)	(1,702)
Proceeds from issuance of stock	4,857	—	—	—
Payments to purchase stock	(1,462)	—	—	—
Cash, cash equivalents and restricted cash retained by MLC	—	—	(1,216)	—
Payments to acquire noncontrolling interest	(6)	(100)	(5)	—
Debt issuance costs and fees paid for debt modification	(161)	—	(63)	—
Cash dividends paid (including premium paid on redemption of stock)	(1,572)	(97)	—	(283)
Net cash provided by (used in) financing activities–Automotive	(9,259)	345	44,229	3,843
Net change in credit facilities	212	—	—	—
Issuance of debt	700	—	—	—
Payments of debt	(1,419)	—	—	—
Other financing activities	(4)	—	—	—
Net cash provided by (used in) financing activities–GM Financial	(511)	—	—	—
Net cash provided by (used in) financing activities	(9,770)	345	44,229	3,843
Effect of exchange rate changes on cash and cash equivalents–Automotive	(57)	492	168	(778)
Net increase (decrease) in cash and cash equivalents–Automotive	(2,009)	4,057	4,960	(10,764)
Net increase (decrease) in cash and cash equivalents–GM Financial	195	—	—	—
Cash and cash equivalents reclassified as assets held for sale–Automotive	391	(391)	—	—
Cash and cash equivalents at beginning of period–Automotive	22,679	19,013	14,053	24,817
Cash and cash equivalents at end of period–Automotive	$ 21,061	$22,679	$ 19,013	$ 14,053
Cash and cash equivalents at end of period–GM Financial	$ 195	$ —	$ —	$ —

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

			Common Stockholders'						
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance at December 31, 2007, Predecessor	$—	$—	$ 943	$16,100	$ (39,426)	$(13,987)	$1,218		$ (35,152)
Net income (loss)	—	—	—	—	(30,943)	—	(108)	$ (31,051)	(31,051)
Other comprehensive income (loss)									
Foreign currency translation loss	—	—	—	—	—	(1,155)	(161)	(1,316)	
Cash flow hedging losses, net	—	—	—	—	—	(811)	(420)	(1,231)	
Unrealized loss on securities	—	—	—	—	—	(298)	—	(298)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(16,088)	—	(16,088)	
Other comprehensive income (loss)	—	—	—	—	—	(18,352)	(581)	(18,933)	(18,933)
Comprehensive income (loss)								$ (49,984)	
Effects of Ally Financial adoption of ASC 820 and ASC 825	—	—	—	—	(76)	—	—		(76)
Stock options	—	—	—	32	1	—	—		33
Common stock issued for settlement of Series D debentures	—	—	74	357	—	—	—		431
Cash dividends paid to Old GM common stockholders	—	—	—	—	(283)	—	—		(283)
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(46)		(46)
Other	—	—	—	—	—	—	1		1
Balance December 31, 2008, Predecessor	—	—	1,017	16,489	(70,727)	(32,339)	484		(85,076)
Net income (loss)	—	—	—	—	109,118	—	(115)	$109,003	109,003
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	—	—	46	—	46	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(3,408)	—	(3,408)	
Other comprehensive income (loss)	—	—	—	—	—	(3,031)	92	(2,939)	(2,939)
Comprehensive income (loss)								$106,064	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(26)		(26)
Other	—	—	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

			Common Stockholders'						
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retain Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:									
Elimination of predecessor common stock, capital surplus and accumulated deficit	—	—	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	—	—	35,370	—		35,370
Issuance of GM common stock	—	—	12	18,779	—	—	—		18,791
Balance July 10, 2009 Successor	—	—	12	18,779	—	—	408		19,199
Net income (loss)	—	—	—	—	(4,297)	—	511	$(3,786)	(3,786)
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	157	(33)	124	
Cash flow hedging losses, net	—	—	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	—	—	2	—	2	
Defined benefit plans, net (Note 29)	—	—	—	—	—	1,430	—	1,430	
Other comprehensive income (loss)	—	—	—	—	—	1,588	(33)	1,555	1,555
Comprehensive income (loss)								$(2,231)	
Common stock related to settlement of UAW hourly retiree medical plan	—	—	3	4,933	—	—	—		4,936
Common stock warrants related to settlement of UAW hourly retiree medical plan	—	—	—	220	—	—	—		220
Participation in GM Daewoo equity rights offering	—	—	—	108	—	—	(108)		—
Purchase of noncontrolling interest in CAMI	—	—	—	—	—	—	(100)		(100)
Cash dividends paid on Series A Preferred Stock	—	—	—	—	(97)	—	—		(97)
Other	—	—	—	—	—	—	30		30
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957
Net income	—	—	—	—	6,172	—	331	$ 6,503	6,503
Other comprehensive income (loss)									
Foreign currency translation gain	—	—	—	—	—	223	(13)	210	
Cash flow hedging losses, net	—	—	—	—	—	(22)	—	(22)	
Unrealized loss on securities	—	—	—	—	—	(7)	—	(7)	
Defined benefit plans, net (Note 29)	—	—	—	—	—	(545)	—	(545)	
Other comprehensive income (loss)	—	—	—	—	—	(351)	(13)	(364)	(364)
Comprehensive income (loss)								$ 6,139	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—		5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—		4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)		(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)		(6)
Sale of businesses	—	—	—	—	—	14	(18)		(4)
Stock-based compensation	—	—	—	216	—	—	—		216
Effect of adoption of amendments to ASC 810 regarding variable interest entities (Note 4)	—	—	—	—	—	—	76		76
Cash dividends paid on Series A Preferred Stock and Cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—		(1,512)
Other	—	—	—	—	—	—	(13)		(13)
Balance December 31, 2010, Successor	$5,536	$4,855	$ 15	$ 24,257	$ 266	$ 1,251	$ 979		$ 37,159

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed by the United States Department of the Treasury (UST) in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM,” and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as “Old GM.” Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is our predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in these consolidated financial statements for the periods on or after July 10, 2009 as “MLC.” MLC continues to exist as a distinct legal entity for the sole purpose of liquidating its remaining assets and liabilities.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit Corp. (AmeriCredit), an automotive finance company which we subsequently renamed General Motors Financial Company, Inc. (GM Financial).

We develop, produce and market cars, trucks and parts worldwide. We also conduct finance operations through GM Financial. These financing operations consist principally of financing automobile purchases and leases for retail customers.

We analyze the results of our business through our five segments, which are GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial) (formerly GMAC Inc.), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements (as subsequently defined in Note 20) and a portfolio of automotive retail leases.

We own a 9.9% equity interest in Ally Financial, which is accounted for as a cost method investment because we cannot exercise significant influence. Ally Financial provides a broad range of financial services, including consumer vehicle financing, automotive dealership and other commercial financing, residential mortgage services, and automobile service contracts.

Note 2. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM’s market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM’s liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM’s liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into a loan and security agreement with the UST, which was subsequently amended (UST Loan Agreement). In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a Viability Plan in February 2009 that included specific actions intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets:

Debt Reduction

- Reduction of its outstanding unsecured public debt by not less than two-thirds through conversion of existing unsecured public debt into equity, debt and/or cash or by other appropriate means.

Labor Modifications

- Reduction of the total amount of compensation paid to its U.S. employees so that, by no later than December 31, 2009, the average of such total amount is competitive with the average total amount of such compensation paid to U.S. employees of certain foreign-owned, U.S. domiciled automakers (transplant automakers);
- Elimination of the payment of any compensation or benefits to U.S. employees who have been fired, laid-off, furloughed or idled, other than customary severance pay; and
- Application of work rules for U.S. employees in a manner that is competitive with the work rules for employees of transplant automakers.

VEBA Modifications

- Modification of its retiree healthcare obligations arising under the 2008 UAW Settlement Agreement under which responsibility for providing healthcare for International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW) retirees, their spouses and dependents would permanently shift from Old GM to the New Plan funded by the UAW Retiree Medical Benefits Trust (New VEBA), such that payment or contribution of not less than one-half of the value of each future payment was to be made in the form of Old GM common stock, subject to certain limitations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. In conjunction with the March 30, 2009 announcement, the administration announced that it would offer Old GM adequate working capital financing for a period of 60 days while it worked with Old GM to develop and implement a more accelerated and aggressive restructuring that would provide a sound long-term foundation. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009.

Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan). The following is a summary of significant cost reduction and restructuring actions contemplated by the Revised Viability Plan, the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Indebtedness and VEBA obligations

In April 2009 Old GM commenced exchange offers for certain unsecured notes to reduce its unsecured debt in order to comply with the debt reduction condition of the UST Loan Agreement.

Old GM also commenced discussions with the UST regarding the terms of a potential restructuring of its debt obligations under the UST Loan Agreement, the UST Ally Financial Loan Agreement (as subsequently defined), and any other debt issued or owed to the UST in connection with those loan agreements pursuant to which the UST would exchange at least 50% of the total outstanding debt Old GM owed to it at June 1, 2009 for Old GM common stock.

In addition, Old GM commenced discussions with the UAW and the VEBA-settlement class representative regarding the terms of potential VEBA modifications.

Other Cost Reduction and Restructuring Actions

In addition to the efforts to reduce debt and modify the VEBA obligations, the Revised Viability Plan also contemplated the following cost reduction efforts:

- Extended shutdowns of certain North American manufacturing facilities in order to reduce dealer inventory;
- Refocus its resources on four core U.S. brands: Chevrolet, Cadillac, Buick and GMC;
- Acceleration of the resolution for Saab Automobile AB (Saab), HUMMER and Saturn and no planned future investment for Pontiac, which was phased out by the end of 2010;

- Acceleration of the reduction in U.S. nameplates to 34 by 2010 — there were 34 nameplates at December 31, 2010;
- A reduction in the number of U.S. dealers from 6,246 in 2008 to 3,605 in 2010 — we have completed the federal dealer arbitration process and reduced the number of U.S. dealers to 4,500 at December 31, 2010;
- A reduction in the total number of plants in the U.S. to 34 by the end of 2010 and 31 by 2012 — there were 40 plants in the U.S. at December 31, 2010; and
- A reduction in the U.S. hourly employment levels from 61,000 in 2008 to 40,000 in 2010 as a result of the nameplate reductions, operational efficiencies and plant capacity reductions — through these actions, our special attrition programs and other U.S. hourly workforce reductions, we have reduced the number of U.S. hourly employees to 49,000 at December 31, 2010.

Old GM had previously announced that it would reduce salaried employment levels on a global basis by 10,000 during 2009 and had instituted several programs to effect reductions in salaried employment levels. Old GM had also negotiated a revised labor agreement with the Canadian Auto Workers Union (CAW) to reduce its hourly labor costs to approximately the level paid to the transplant automakers; however, such agreement was contingent upon receiving longer term financial support for its Canadian operations from the Canadian federal and Ontario provincial governments.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the U.S. Bankruptcy Code (Bankruptcy Code) in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court).

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

Description of Funding Commitment	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of CAD $4.5 billion (equivalent to $3.9 billion when entered into) that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, (Purchase Agreement) between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was composed of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;

- The UST's return of the warrants Old GM previously issued to it;

- The issuance to MLC of 150 million shares (or 10%) of our common stock and warrants to acquire newly issued shares of our common stock initially exercisable for a total of 273 million shares of our common stock (or 15% on a fully diluted basis); and

- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the Purchase Agreement, we are obligated to issue Adjustment Shares to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In the circumstance where estimated general unsecured claims equal $37.0 billion, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 that Old GM incurred under its DIP Facility (UST Loans). Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Loans principal balance to $6.7 billion. We also entered into the VEBA Note Agreement and issued a note in the principal amount of $2.5 billion (VEBA Notes) to the New VEBA. Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated Canadian Loan Agreement with EDC, as a result of which GMCL has a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan (Canadian Loan).

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Loans and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Loans of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 19 for additional information on the UST Loans, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation (formerly 7176384 Canada Inc.), a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a warrant to acquire 46 million shares of our common stock and MLC received two warrants, each to acquire 136 million shares of our common stock.

Preferred Stock

The shares of Series A Preferred Stock have a liquidation amount of $25.00 per share and accrue cumulative dividends at 9.0% per annum (payable quarterly on March 15, June 15, September 15 and December 15) that are payable if, as and when declared by our Board of Directors. So long as any share of the Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock or our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on the Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. On or after December 31, 2014 we may redeem, in whole or in part, the shares of Series A Preferred Stock outstanding, at a redemption price per share equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions.

The Series A Preferred Stock was previously classified as temporary equity because the holders of the Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through the power to vote for the election of our directors, over various matters, which could include compelling us to redeem the Series A Preferred Stock in 2014 or later. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST. Since the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014, our classification of the Series A Preferred Stock as temporary equity is no longer appropriate. As such, upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion. Refer to Note 29 for additional information on the purchase of shares of Series A Preferred Stock.

Warrants

The first tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2016, with an exercise price of $10.00 per share. The second tranche of warrants issued to MLC is exercisable at any time prior to July 10, 2019, with an exercise price of $18.33 per share. The warrant issued to the New VEBA is exercisable at any time prior to December 31, 2015, with an exercise price of $42.31 per share. The number of shares of our common stock underlying each of the warrants issued to MLC and the New VEBA and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. The key modifications were:

- Elimination of the post 65 benefits and capping the pre 65 benefits in the non-UAW hourly retiree medical plan;
- Capping the life benefit for non-UAW retirees and future retirees at $10,000 in the U.S. hourly life plan;
- Capping the life benefit for existing salaried retirees at $10,000, reduced the retiree benefit for future salaried retirees and eliminated the executive benefit for the U.S. salaried life plan;
- Elimination of a portion of nonqualified benefits in the U.S. executive retirement plan; and
- Elimination of the flat monthly special lifetime benefit of $66.70 that was to commence on January 1, 2010 for the U.S. hourly pension plan.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

Accounting Standards Codification (ASC) 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Old GM's balance sheet prior to the 363 Sale distinguished prepetition liabilities subject to compromise from prepetition liabilities not subject to compromise and from postpetition liabilities. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

Our reorganization value was determined using the sum of:

- Our discounted forecast of expected future cash flows from our business subsequent to the 363 Sale, discounted at rates reflecting perceived business and financial risks;
- The fair value of operating liabilities;
- The fair value of our non-operating assets, primarily our investments in nonconsolidated affiliates and cost method investments; and

- The amount of cash we maintained at July 10, 2009 that we determined to be in excess of the amount necessary to conduct our normal business activities.

The sum of the first, third and fourth bullet items equals our Enterprise value.

Our discounted forecast of expected future cash flows included:

- Forecasted cash flows for the six months ended December 31, 2009 and the years ending December 31, 2010 through 2014, for each of Old GM's former segments including GMNA, GME, GM Latin America/Africa/Middle East (GMLAAM) and GM Asia Pacific (GMAP) and for certain subsidiaries that incorporated:
  - Industry seasonally adjusted annual rate (SAAR) of vehicle sales and our related market share based on vehicle sales volumes as follows:
    - Worldwide — 59.1 million vehicles and market share of 11.9% in 2010 increasing to 81.0 million vehicles and market share of 12.2% in 2014;
    - North America — 14.2 million vehicles and market share of 17.8% in 2010 increasing to 19.8 million vehicles and decreasing market share of 17.6% in 2014;
    - Europe — 16.8 million vehicles and market share of 9.5% in 2010 increasing to 22.5 million vehicles and market share of 10.3% in 2014;
    - LAAM — 6.1 million vehicles and market share of 18.0% in 2010 increasing to 7.8 million vehicles and market share of 18.4% in 2014; and
    - AP — 22.0 million vehicles and market share of 8.4% in 2010 increasing to 30.8 million vehicles and market share of 8.6% in 2014.
  - Projected product mix, which incorporates the 2010 introductions of the Chevrolet Volt, Chevrolet/Holden Cruze, Cadillac CTS Coupe, Opel/Vauxhall Meriva and Opel/Vauxhall Astra Station Wagon;
  - Projected changes in our cost structure due to restructuring initiatives that encompass reduction of hourly and salaried employment levels by approximately 18,000;
  - The terms of the 2009 UAW Retiree Settlement Agreement, which released us from UAW retiree healthcare claims incurred after December 31, 2009;
  - Projected capital spending to support existing and future products, which range from $4.9 billion in 2010 to $6.0 billion in 2014; and
  - Anticipated changes in global market conditions.
- A terminal value, which was determined using a growth model that applied long-term growth rates ranging from 0.5% to 6.0% and a weighted-average long-term growth rate of 2.6% to our projected cash flows beyond 2014. The long-term growth rates were based on our internal projections as well as industry growth prospects; and
- Discount rates that considered various factors including bond yields, risk premiums, and tax rates to determine a weighted-average cost of capital (WACC), which measures a company's cost of debt and equity weighted by the percentage of debt and equity in a company's target capital structure. We used discount rates ranging from 16.5% to 23.5% and a weighted-average rate of 22.8%.

To estimate the value of our investment in nonconsolidated affiliates we used multiple valuation techniques, but we primarily used discounted cash flow analyses. Our excess cash of $33.8 billion, including Restricted cash and marketable securities of $21.2 billion, represents cash in excess of the amount necessary to conduct our ongoing day-to-day business activities and to keep them running as a going concern. Refer to Note 15 for additional discussion of Restricted cash and marketable securities.

Our estimate of reorganization value assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved. Assumptions used in our discounted cash flow analysis that have the most significant effect on our estimated reorganization value include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share in each of Old GM's former segments.

The following table reconciles our enterprise value to our estimated reorganization value and the estimated fair value of our Equity (in millions except per share amounts):

	Successor
	July 10, 2009
Enterprise value	$ 36,747
Plus: Fair value of operating liabilities (a)	80,832
Estimated reorganization value (fair value of assets) (b)	117,579
Adjustments to tax and employee benefit-related assets (c)	(6,074)
Goodwill (c)	30,464
Carrying amount of assets	$141,969
Enterprise value	$ 36,747
Less: Fair value of debt	(15,694)
Less: Fair value of warrants issued to MLC (additional paid-in-capital)	(2,405)
Less: Fair value of liability for Adjustment Shares	(113)
Less: Fair value of noncontrolling interests	(408)
Less: Fair value of Series A Preferred Stock (d)	(1,741)
Fair value of common equity (common stock and additional paid-in capital)	$ 16,386
Common shares outstanding (d)	1,238
Per share value	$ 13.24

(a) Operating liabilities are our total liabilities excluding the liabilities listed in the reconciliation above of our enterprise value to the fair value of our common equity.

(b) Reorganization value does not include assets with a carrying amount of $1.8 billion and a fair value of $2.0 billion at July 9, 2009 that MLC retained.

(c) The application of fresh-start reporting resulted in the recognition of goodwill. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than at fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee related obligations were recorded in accordance with ASC 712, "Compensation-Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation Benefits" (ASC 715) and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes" (ASC 740).

(d) The 260 million shares of Series A Preferred Stock, 263 million shares of our common stock, and warrant to acquire 46 million shares of our common stock issued to the New VEBA on July 10, 2009 were not considered outstanding until the UAW retiree medical plan was settled on December 31, 2009. The fair value of these instruments was included in the liability recognized at July 10, 2009 for this plan. The common shares issued to the New VEBA are excluded from common shares outstanding at July 10, 2009. Refer to Note 20 for a discussion of the termination of our UAW hourly retiree medical plan and Mitigation Plan and the resulting payment terms to the New VEBA.

Effect of 363 Sale Transaction and Application of Fresh-Start Reporting

The following table summarizes the adjustments to Old GM's consolidated balance sheet as a result of the 363 Sale and the application of fresh-start reporting and presents our consolidated balance sheet at July 10, 2009 (dollars in millions):

	Predecessor July 9, 2009	Reorganization via 363 Sale Adjustments	Fresh-Start Reporting Adjustments	Successor after Reorganization via 363 Sale and Fresh-Start Reporting Adjustments July 10, 2009
ASSETS				
Current Assets				
Cash and cash equivalents	$ 19,054	$ (41)	$ —	$ 19,013
Marketable securities	139	—	—	139
Total cash and marketable securities	19,193	(41)	—	19,152
Restricted cash and marketable securities	20,290	(1,175)	—	19,115
Accounts and notes receivable, net	8,396	3,859	(79)	12,176
Inventories	9,802	(140)	(66)	9,596
Equipment on operating leases, net	3,754	2	90	3,846
Other current assets and deferred income taxes	1,874	75	69	2,018
Total current assets	63,309	2,580	14	65,903
Non-Current Assets				
Restricted cash and marketable securities	1,401	(144)	—	1,257
Equity in net assets of non consolidated affiliates	1,972	4	3,822	5,798
Equipment on operating leases, net	23	—	3	26
Property, net	36,216	(137)	(17,579)	18,500
Goodwill	—	—	30,464	30,464
Intangible assets, net	210	—	15,864	16,074
Deferred income taxes	79	550	43	672
Prepaid pension	121	—	(24)	97
Other assets	1,244	(12)	1,946	3,178
Total non-current assets	41,266	261	34,539	76,066
Total Assets	$ 104,575	$ 2,841	$ 34,553	$141,969
LIABILITIES AND EQUITY (DEFICIT)				
Current Liabilities				
Accounts payable (principally trade)	$ 13,067	$ (42)	$ 42	$ 13,067
Short-term debt and current portion of long-term debt	43,412	(30,179)	(56)	13,177
Postretirement benefits other than pensions	187	1,645	124	1,956
Accrued liabilities	25,607	(81)	(1,132)	24,394
Total current liabilities	82,273	(28,657)	(1,022)	52,594
Non-Current Liabilities				
Long-term debt	4,982	(977)	(1,488)	2,517
Postretirement benefits other than pensions	3,954	14,137	310	18,401
Pensions	15,434	14,432	2,113	31,979
Liabilities subject to compromise	92,611	(92,611)	—	—
Other liabilities and deferred income taxes	14,449	278	811	15,538
Total non-current liabilities	131,430	(64,741)	1,746	68,435
Total Liabilities	213,703	(93,398)	724	121,029
Preferred stock	—	1,741	—	1,741
Equity (Deficit)				
Old GM				
Preferred stock	—	—	—	—
Preference stock	—	—	—	—
Common stock	1,018	—	(1,018)	—
Capital surplus (principally additional paid-in capital)	16,494	—	(16,494)	—
General Motors Company				
Common stock	—	12	—	12
Capital surplus (principally additional paid-in capital)	—	18,779	—	18,779
Retained earnings (Accumulated deficit)	(91,602)	63,492	28,110	—
Accumulated other comprehensive income (loss)	(35,370)	12,295	23,075	—
Total stockholders' equity (deficit)	(109,460)	94,578	33,673	18,791
Noncontrolling interests	332	(80)	156	408
Total equity (deficit)	(109,128)	94,498	33,829	19,199
Total Liabilities and Equity (Deficit)	$ 104,575	$ 2,841	$ 34,553	$141,969

Reorganization Via 363 Sale Adjustments

The following table summarizes the reorganization adjustments previously discussed including the liabilities that were extinguished or reclassified from Liabilities subject to compromise as part of the 363 Sale (dollars in millions):

	UST (a)	Canada Holdings (b)	New VEBA (c)	Pension and OPEB (d)	MLC (e)	Other (f)	Total
Assets MLC retained, net	$ —	$ —	$ —	$ —	$ 1,797	$ —	$ 1,797
Accounts payable (principally trade)	—	—	—	—	(42)	—	(42)
Short-term debt and current portion of long-term debt extinguished	(31,294)	(5,972)	—	—	(1,278)	—	(38,544)
Short-term debt and current portion of long-term debt assumed	7,073	1,292	—	—	—	—	8,365
Net reduction to short-term debt and current portion of long-term debt	(24,221)	(4,680)	—	—	(1,278)	—	(30,179)
Postretirement benefits other than pensions, current	—	—	1,409	236	—	—	1,645
Accrued liabilities	(54)	—	—	219	(310)	64	(81)
Total current liabilities	(24,275)	(4,680)	1,409	455	(1,630)	64	(28,657)
Long-term debt extinguished	—	—	—	—	(977)	—	(977)
Postretirement benefits other than pensions, non-current	—	—	10,547	3,590	—	—	14,137
Pensions	—	—	—	14,432	—	—	14,432
Liabilities subject to compromise	(20,824)	—	(19,687)	(23,453)	(28,553)	(94)	(92,611)
Other liabilities and deferred income taxes	—	—	—	391	(184)	71	278
Total liabilities	(45,099)	(4,680)	(7,731)	(4,585)	(31,344)	41	(93,398)
Accumulated other comprehensive income balances relating to entities MLC retained	—	—	—	—	(21)	—	(21)
Additional EDC funding	—	(3,887)	—	—	—	—	(3,887)
Fair value of preferred stock issued	1,462	279	—	—	—	—	1,741
Fair value of common stock issued	12,076	2,324	—	—	1,986	—	16,386
Fair value of warrants	—	—	—	—	2,405	—	2,405
Release of valuation allowances and other tax adjustments	—	—	—	—	—	(751)	(751)
Reorganization gain	(31,561)	(5,964)	(7,731)	(4,585)	(25,177)	(710)	(75,728)
Amounts attributable to noncontrolling interests	—	—	—	—	(80)	—	(80)
Amounts recorded in Accumulated other comprehensive income as part of Reorganization via 363 Sale adjustments	—	—	7,731	4,585	—	—	12,316
Total retained earnings adjustment	$(31,561)	$(5,964)	$ —	$ —	$(25,257)	$(710)	$(63,492)

(a) Liabilities owed to the UST under the UST Loan Agreement of $20.6 billion, with accrued interest of $251 million, and under the DIP Facility of $30.9 billion with accrued interest of $54 million and borrowings related to the warranty program of $361 million were extinguished in connection with the 363 Sale through the assumption of the UST Loans of $7.1 billion and the issuance of 912 million shares of our common stock with a fair value of $12.1 billion and 84 million shares of Series A Preferred Stock with a fair value of $1.5 billion.

(b) Liabilities owed to Canada Holdings under the EDC Loan Facility of $2.6 billion and under the DIP Facility of $3.4 billion were extinguished in connection with the 363 Sale through the assumption of the Canadian Loan of CAD $1.5 billion (equivalent of $1.3 billion when entered into) and the issuance of 175 million shares of our common stock with a fair value of $2.3 billion and 16 million shares of Series A Preferred Stock with a fair value of $279 million. In addition, we recorded an increase in Accounts and notes receivable, net of $3.9 billion at July 10, 2010 for amounts to be received from the EDC in exchange for the equity Canada Holdings received in connection with the 363 Sale.

(c) As a result of modifications to the UAW hourly retiree medical plan that became effective upon the 363 Sale, we recorded a reorganization gain of $7.7 billion that represented the difference between the carrying amount of our $19.7 billion plan obligation at July 9, 2009 and the July 10, 2009 actuarially determined value of $12.0 billion for our modified plan based on the revised terms of the 2009 UAW Retiree Settlement Agreement. Our obligation to the UAW hourly retiree medical plan was settled on December 31, 2009. Prior to the December 31, 2009 settlement, the VEBA Notes, Series A Preferred Stock, common stock and warrants contributed to the New VEBA were not considered outstanding. Refer to Note 20 for additional information on the 2009 UAW Retiree Settlement Agreement.

(d) As a result of modifications to benefit plans that became effective upon the 363 Sale, we recorded a reorganization gain of $4.6 billion, which represented the difference between the carrying amount of our obligations under certain plans at July 9, 2009, and our new actuarially determined obligations at July 10, 2009. Major changes include:

- For the non-UAW hourly retiree healthcare plan, we recorded a $2.7 billion gain resulting from elimination of post 65 benefits and placing a cap on pre 65 benefits;

- For retiree life insurance we recorded a $923 million gain, resulting from capping benefits at $10,000 for non-UAW hourly retirees and future retirees, capping benefits at $10,000 for existing salaried retirees, reducing benefits for future salaried retirees, and elimination of executive benefits;

- For the U.S. supplemental executive retirement plan, we recorded a $221 million gain from the elimination of a portion of nonqualified benefits; and

- For the U.S. hourly defined benefit pension plan, we recorded a $675 million gain, representing the net of a $3.3 billion obligation decrease resulting from the elimination of the flat monthly special lifetime benefit that was to commence on January 1, 2010, offset by an obligation increase of $2.6 billion from a discount rate decrease from 6.25% to 5.83% and other assumption changes.

(e) Represents the net liabilities MLC retained in connection with the 363 Sale, primarily consisting of Old GM's unsecured debt and amounts owed to the UST under the DIP Facility of $1.2 billion. These net liabilities were settled in exchange for assets retained by MLC with a carrying amount of $1.8 billion and a fair value of $2.0 billion, 150 million shares of our common stock with a fair value of $2.0 billion, warrants to acquire an additional 273 million shares of our common stock with a fair value of $2.4 billion and the right to contingently receive the Adjustment Shares. We increased Other liabilities and deferred income taxes to reflect the estimated fair value of $113 million for our obligation to issue the Adjustment Shares to MLC.

The following table summarizes the carrying amount of the assets MLC retained (dollars in millions):

	Predecessor
	Carrying amount at July 9, 2009
Cash and cash equivalents	$ 41
Restricted cash and marketable securities, current	1,175
Accounts and notes receivable, net	28
Inventories	140
Equipment on operating leases, net	(2)
Other current assets and deferred income taxes	46
Restricted cash and marketable securities, non-current	144
Equity in net assets of nonconsolidated affiliates	(4)
Property, net	137
Deferred income taxes	80
Other assets, non-current	12
Total assets	$1,797

(f) We assumed $94 million of certain employee benefit obligations that were included in Liabilities subject to compromise that are now included in Accrued liabilities ($64 million) and Other liabilities ($30 million). These primarily relate to postemployment benefits not modified as a part of the 363 Sale. In addition, in connection with the 363 Sale, we concluded that it was more likely than not that certain net deferred tax assets, primarily in Brazil, will be realized. Therefore, we reversed the existing valuation allowances related to such deferred tax assets resulting in an increase of $121 million in Other current assets and an increase of $630 million in Deferred income taxes, non-current. To record other tax effects of the 363 Sale, we recorded an increase to Other liabilities of $41 million. We recorded a net reorganization gain of $710 million in Income tax expense (benefit) as a result of these adjustments.

Fresh-Start Reporting Adjustments

In applying fresh-start reporting at July 10, 2009, which generally follows the provisions of ASC 805, "Business Combinations" (ASC 805), we recorded the assets acquired and the liabilities assumed from Old GM at fair value except for deferred income taxes and certain liabilities associated with employee benefits. These adjustments are final and no determinations of fair value are considered provisional. The significant assumptions related to the valuations of our assets and liabilities recorded in connection with fresh-start reporting are subsequently discussed.

Accounts and Notes Receivable

We recorded Accounts and notes receivable at their fair value of $12.2 billion, which resulted in a decrease of $79 million.

Inventory

We recorded Inventory at its fair value of $9.6 billion, which was determined as follows:

- Finished goods were determined based on the estimated selling price of finished goods on hand less costs to sell including disposal and holding period costs, and a reasonable profit margin on the selling and disposal effort for each specific category of finished goods being evaluated. Finished goods primarily include new vehicles, off-lease and company vehicles and service parts and accessories;

- Work in process was determined based on the estimated selling price once completed less total costs to complete the manufacturing process, costs to sell including disposal and holding period costs, a reasonable profit margin on the remaining manufacturing, selling and disposal effort; and

- Raw materials were determined based on current replacement cost.

Compared to amounts recorded by Old GM, finished goods increased by $622 million, including elimination of Old GM's LIFO reserve of $1.1 billion, work in process decreased by $555 million, raw materials decreased by $39 million and sundry items with nominal individual value decreased by $94 million.

Equipment on Operating Leases, Current and Non-Current

We recorded Equipment on operating leases, current and non-current at its fair value of $3.9 billion, which was determined as follows: (1) automotive leases to daily rental car companies were determined based on the market value of comparable vehicles; and (2) automotive retail leases were determined by discounting the expected future cash flows generated by the automotive retail leases including the estimated residual value of the vehicles when sold. Equipment on operating leases, current and non-current increased from that recorded by Old GM by $93 million as a result of our determination of fair value.

Other Current Assets and Deferred Income Taxes

We recorded Other current assets which included prepaid assets and other current assets at their fair value of $1.5 billion and deferred income taxes of $487 million. These amounts are $69 million higher than the amounts recorded by Old GM.

Equity in Net Assets of Nonconsolidated Affiliates

We recorded Equity in net assets of nonconsolidated affiliates at its fair value of $5.8 billion. Fair value of these investments was determined using discounted cash flow analyses, which included the following assumptions and estimates:

- Forecasted cash flows for the seven months ended December 31, 2009 and the years ending 2010 through 2013, which incorporated projected sales volumes, product mixes, projected capital spending to support existing and future products, research and development of new products and technologies and anticipated changes in local market conditions;

- A terminal value, which was calculated by assuming a maintainable level of after-tax debt-free cash flow and multiplying it by a capitalization factor that reflected the investor's WACC adjusted for the estimated long-term perpetual growth rate;

- A discount rate of 13.4% that considered various factors including risk premiums and tax rates to determine the investor's WACC given the assumed capital structure of comparable companies; and

- The fair value of investment property and investments in affiliates was determined using market comparables.

Equity in net assets of nonconsolidated affiliates was higher than Old GM's by $3.8 billion as a result of our determination of fair value.

Property

We recorded Property, which includes land, buildings and land improvements, machinery and equipment, construction in progress and special tools, at its fair value of $18.5 billion. Fair value was based on the highest and best use of specific properties. To determine fair value we considered and applied three approaches:

- The market or sales comparison approach which relies upon recent sales or offerings of similar assets on the market to arrive at a probable selling price. Certain adjustments were made to reconcile differences in attributes between the comparable sales and the appraised assets. This method was utilized for certain assets related to land, buildings and land improvements and information technology.

- The cost approach which considers the amount required to construct or purchase a new asset of equal utility at current prices, with adjustments in value for physical deterioration, functional obsolescence and economic obsolescence. This method was primarily utilized for certain assets related to land, buildings and land improvements, leasehold interests, and the majority of our machinery and equipment and tooling. Economic obsolescence represents a loss in value due to unfavorable external conditions such as the economics of our industry and was a factor in establishing fair value. Our machinery, equipment and special tools amounts, determined under the cost approach, were adjusted for economic obsolescence. Due to the downturn in the automotive industry, significant excess capacity exists and the application of the cost approach generally requires the replacement cost of an asset to be adjusted for physical deterioration, and functional and economic obsolescence. We estimated economic obsolescence as the difference between the discounted cash flows expected to be realized from our utilization of the assets as a group, compared to the initial estimate of value from the cost approach method. We did not reduce any fixed asset below its liquidation in place value as a result of economic obsolescence; however the effects of economic obsolescence caused some of our fixed assets to be recorded at their liquidation in place values.

- The income approach which considers value in relation to the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset. This method assumed fair value could not exceed the present value of the cash flows the assets generate discounted at a risk related rate of return commensurate with the level of risk inherent in the subject asset. This method was used to value certain assets related to buildings and improvements, leasehold interest, machinery and equipment and tooling.

The following table summarizes the components of Property as a result of the application of fresh-start reporting at July 10, 2009 and Property, net at July 9, 2009:

	Successor	Predecessor
	July 10, 2009	**July 9, 2009**
Land	$ 2,524	$ 1,040
Buildings and land improvements, net	3,731	8,490
Machinery and equipment, net	5,915	13,597
Construction in progress	1,838	2,307
Real estate, plants, and equipment, net	14,008	25,434
Special tools, net	4,492	10,782
Total property, net	$18,500	$36,216

Goodwill

We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. Our employee benefit related accounts were recorded in accordance with ASC 712 and ASC 715 and deferred income taxes were recorded in accordance with ASC 740. None of the goodwill from this transaction is deductible for tax purposes.

Intangible Assets

We recorded Intangible assets of $16.1 billion at their fair values. The following is a summary of the approaches used to determine the fair value of our significant intangible assets:

- We recorded $7.9 billion for the fair value of technology. The relief from royalty method was used to calculate the $7.7 billion fair value of developed technology. The significant assumptions used included:
    - Forecasted revenue for each technology category by Old GM’s former segments;

        - Royalty rates based on licensing arrangements for similar technologies and obsolescence factors by technology category;
        - Discount rates ranging from 24.0% to 26.0% based on our WACC and adjusted for perceived business risks related to these developed technologies; and
        - Estimated economic lives, which ranged from seven to 20 years.
    - The excess earnings method was used to determine the fair value of in-process research and development of $175 million. The significant assumptions used in this approach included:
        - Forecasted revenue for certain technologies not yet proven to be commercially feasible;
        - The probability and cost of obtaining commercial feasibility;
        - Discount rates ranging from 4.2% (when the probability of obtaining commercial feasibility was considered elsewhere in the model) to 36.0%; and
        - Estimated economic lives ranging from approximately 10 to 20 years.
- The relief from royalty method was also used to calculate the fair value of brand names of $5.5 billion. The significant assumptions used in this method included:
    - Forecasted revenue for each brand name by Old GM's former segments;
    - Royalty rates based on licensing arrangements for the use of brands and trademarks in the automotive industry and related industries;
    - Discount rates ranging from 22.8% to 27.0% based on our WACC and adjusted for perceived business risks related to these intangible assets; and
    - Indefinite economic lives for our ongoing brands.
- Our most significant brands included Buick, Cadillac, Chevrolet, GMC, Opel/Vauxhall and OnStar. We also recorded defensive intangible assets associated with brands we eliminated, which included Pontiac, Saturn and Oldsmobile.
- A cost approach was used to calculate the fair value of our dealer networks and customer relationships of $2.1 billion. The estimated fair value of our dealer networks of $1.6 billion was determined by multiplying our estimated costs to recreate our dealer networks by our estimate of an optimal number of dealers. An income approach was used to calculate the fair value of our customer relationships of $508 million. The significant assumptions used in this approach included:
    - Forecasted revenue;
    - Customer retention rates;
    - Profit margins; and
    - A discount rate of 20.8% based on an appropriate WACC and adjusted for perceived business risks related to these customer relationships.
- We recorded other intangible assets of $560 million primarily related to existing contracts, including leasehold improvements, that were favorable relative to available market terms.

The following table summarizes the components of our intangible assets and their weighted-average amortization periods.

	Weighted-Average Amortization Period (years)	Recorded Value
Technology and related intellectual property	5	$ 7,889
Brands	38	5,476
Dealer network and customer relationships	21	2,149
Favorable contracts	28	543
Other intangible assets	3	17
Total intangible assets		$16,074

Deferred Income Taxes, Non-Current

We recorded Deferred income taxes, non-current of $672 million which was an increase of $43 million compared to that recorded by Old GM.

Other Assets, Non-Current

We recorded Other assets, non-current of $3.2 billion. Other assets, non-current differed from Old GM's primarily related to: (1) an increase of $1.3 billion and $629 million in the value of our investments in Ally Financial common stock and preferred stock; (2) an increase of $175 million in the value of our investment in Saab; partially offset by (3) an elimination of $191 million for certain prepaid rent balances and other adjustments.

We calculated the fair value of our investment in Ally Financial common stock of $1.3 billion using a market multiple sum-of-the-parts methodology, a market approach. This approach considered the average price/tangible book value multiples of companies deemed comparable to each of Ally Financial's Auto Finance, Commercial Finance and Insurance operations in determining the fair value of each of these operations, which were then aggregated to determine Ally Financial's overall fair value. The significant inputs used in our fair value analysis were as follows:

- Ally Financial's June 30, 2009 financial statements, as well as the financial statements of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;
- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

We calculated the fair value of our investment in Ally Financial preferred stock of $665 million using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial preferred stock and the expected call date. The discount rate of 16.9% was determined based on yields of similar Ally Financial securities.

Accounts Payable

We recorded Accounts payable at its fair value of $13.1 billion.

Debt

We recorded short-term debt, current portion of long-term debt and long-term debt at their total fair value of $15.7 billion, which was calculated using a discounted cash flow methodology using our implied credit rating of CCC for most of our debt instruments (our credit rating was not observable as a result of the Chapter 11 Proceedings), adjusted where appropriate for any security interests.

For the UST Loans and the Canadian Loan, carrying amount was determined to approximate fair value because these loans were fully collateralized by the restricted cash placed in escrow and were entered into on July 10, 2009 at market terms. Short-term debt, current portion of long-term debt and long-term debt decreased $1.5 billion as a result of our calculation of fair value. Refer to Note 15 for additional information on the escrow arrangement.

Pensions, Postretirement Benefits Other than Pensions, Current and Non-Current, and Prepaid Pensions

We recorded Pensions of $32.0 billion and Prepaid pensions of $97 million, which includes the actuarial measurement of those benefit plans that were not modified in connection with the 363 Sale. As a result of these actuarial measurements, our recorded value was $2.1 billion higher than Old GM's for Pensions and Prepaid pensions for those plans not modified in connection with the 363 Sale. When the pension plans were measured at July 10, 2009, the weighted-average return on assets was 8.5% and 8.0% for U.S. and non-U.S. plans. The weighted-average discount rate utilized to measure the plans at July 10, 2009 was 5.9% and 5.8% for U.S. and non-U.S. plans.

We also recorded Postretirement benefits other than pensions, current and non-current of $20.4 billion, which is an increase of $434 million compared to the amounts recorded by Old GM for those plans not modified in connection with the 363 Sale. When the other non-UAW postretirement benefit plans were measured at July 10, 2009, the weighted-average discount rate used was 6.0% and 5.5% for the U.S. and non-U.S. plans. For the U.S. there are no significant uncapped healthcare plans remaining at December 31, 2009, and therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. For non-U.S. plans the initial healthcare cost trend used was 5.4% and the ultimate healthcare cost trend rate was 3.3% with eight years to the ultimate trend rate.

Accrued Liabilities, Other Liabilities, and Deferred Income Taxes, Current and Non-Current

We recorded Accrued liabilities of $24.4 billion and Other liabilities and deferred income taxes of $15.5 billion. Accrued liabilities and Other liabilities differed from those of Old GM primarily relating to:

- $1.2 billion less in deferred revenue, the fair value of which was determined based on our remaining performance obligations considering future costs associated with these obligations;

- $349 million decrease in warranty liability, the fair value of which was determined by discounting the forecasted future cash flows based on historical claims experience using rates ranging from 1.4% in 2009 to 4.3% in 2017;

- A decrease of $179 million to lease-related obligations;

- A decrease of $162 million related to certain customer deposits;

- $582 million increase in deferred income taxes; and

- $980 million of recorded unfavorable contractual obligations, primarily related to the Delphi-GM Settlement Agreements. The fair value of the unfavorable contractual obligations was determined by discounting forecasted cash flows representing the unfavorable portions of contractual obligations at our implied credit rating. Refer to Note 22 for further information on the Delphi-GM Settlement Agreements.

Equity (Deficit) and Preferred Stock

The changes to Equity (Deficit) reflect our recapitalization, the elimination of Old GM's historical equity, the issuance of our common stock, preferred stock and warrants to the UST, Canada Holdings and MLC at fair value, and the application of fresh-start reporting.

Noncontrolling Interests

We recorded the fair value of our Noncontrolling interests at $408 million which was $156 million higher than Old GM.

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting that primarily resulted from the adjustments previously discussed (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustment from 363 Sale Transaction and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net	(1,203)
Total Reorganization gains, net	$128,155

Other losses, net of $1.2 billion primarily relate to costs incurred during our Chapter 11 Proceedings, including:

- Losses of $958 million on extinguishments of debt resulting from Old GM's repayment of its secured revolving credit facility, its U.S. term loan, and its secured credit facility;
- Losses of $398 million on contract rejections, settlements of claims and other lease terminations;
- Professional fees of $38 million; and
- Gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Note 3. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. We continually evaluate our involvement with variable interest entities (VIEs) to determine whether we have variable interests and are the primary beneficiary of the VIE. When this criteria is met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The assets and liabilities of GM Financial, our automotive finance operations, are presented on a non-classified basis. The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Segments

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Change in Presentation of Financial Statements

In 2010, we changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Stock Split

On October 5, 2010 our Board of Directors recommended a three-for-one stock split on shares of our common stock, which was approved by our stockholders on November 1, 2010. The stock split was effected on November 1, 2010.

Each stockholder's percentage ownership in us and proportional voting power remained unchanged after the stock split. All applicable Successor share, per share and related information in the consolidated financial statements and notes has been adjusted retroactively to give effect to the three-for-one stock split.

Increase in Authorized Shares

On October 5, 2010, our Board of Directors recommended that we amend our Certificate of Incorporation to increase the number of shares of common stock that we are authorized to issue from 2.5 billion shares to 5.0 billion shares and to increase the number of preferred shares that we are authorized to issue from 1.0 billion shares to 2.0 billion shares. Our stockholders approved these amendments on November 1, 2010, and they were effected on November 1, 2010.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (the BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. Pursuant to the official devaluation of the Venezuelan currency and establishment of the dual fixed exchange rates (essential rate of BsF 2.60 to $1.00 and nonessential rate of BsF 4.30 to $1.00) in January 2010, we remeasured the BsF denominated monetary assets and liabilities held by our Venezuelan subsidiaries at the nonessential rate of 4.30 BsF to $1.00. The remeasurement resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010. In the year ended December 31, 2010 all BsF denominated transactions have been remeasured at the nonessential rate of 4.30 BsF to $1.00.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. We periodically accessed the parallel exchange market, which historically enabled entities to obtain foreign currency for transactions that could not be processed by the Commission for the Administration of Currency Exchange (CADIVI). The restrictions on the foreign currency exchange market could affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by CADIVI at the official exchange rates as well as our ability to benefit from those operations.

In December 2010 another official devaluation of the Venezuelan currency was announced that eliminated the essential rate effective January 1, 2011. The devaluation did not have an effect on the 2010 consolidated financial statements, however, it will affect results of operations in subsequent years because our Venezuelan subsidiaries will no longer realize gains that result from favorable foreign currency exchanges processed by CADIVI at the essential rate.

The following tables provide financial information for our Venezuelan subsidiaries at and for the year ended December 31, 2010, which include amounts receivable from and payable to, and transactions with, affiliated entities (dollars in millions):

	Successor
	December 31, 2010
Total automotive assets (a)	$1,322
Total automotive liabilities (b)	$ 985

	Successor
	Year Ended December 31, 2010
Total net sales and revenue	$1,139
Net income (loss) attributable to stockholders (c)	$ 320

(a) Includes BsF denominated and non-BsF denominated monetary assets of $393 million and $527 million.

(b) Includes BsF denominated and non-BsF denominated monetary liabilities of $661 million and $324 million.

(c) Includes a gain of $119 million related to the devaluation of the BsF in January 2010 and a gain of $273 million in the year ended December 31, 2010 due to favorable foreign currency exchanges that were processed by CADIVI at the essential rate. The $119 million gain on the devaluation was offset by a $144 million loss recorded by U.S. entities on BsF denominated assets, which is not included in the Net income (loss) attributable to stockholders reported above.

The total amount pending government approval for settlement at December 31, 2010 is BsF 1.9 billion (equivalent to $432 million), for which some requests have been pending from 2007. The amount includes payables to affiliated entities of $263 million, which includes dividends payable of $144 million.

Note 4. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM.

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Sales of parts and accessories to GM dealers are recorded when the goods arrive at the dealership and when collectability is reasonably assured. Sales of aftermarket products and powertrain components are recorded when title and risks and rewards of ownership have passed, which is generally when the product is released to the carrier responsible for transporting them to the customer and when collectability is reasonably assured.

Revenue from OnStar, comprised of customer subscriptions related to comprehensive in-vehicle security, communications and diagnostic systems, is deferred and recorded on a straight-line basis over the subscription period. An OnStar subscription is provided as part of the sale or lease of certain vehicles. The fair value of the subscription is recorded as deferred revenue when a vehicle is sold, and amortized over the subscription period. Prepaid minutes for the Hands-Free Calling system are deferred and recorded on a straight-line basis over the life of the contract.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. This redemption period is reviewed periodically to determine if it remains appropriate. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Automotive sales.

Automotive Financing

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Finance Receivables

Automotive Financing

Pre-Acquisition Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit were adjusted to fair value at October 1, 2010. As a result of the acquisition, the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. A portion of the discount attributable to future credit losses is recorded as a non-accretable discount and utilized as such losses occur. Any deterioration in the performance of pre-acquisition receivables, indicating that the non-accretable discount has become insufficient to cover future credit losses, in the pre-acquisition portfolio, will result in an incremental allowance for loan losses being recorded. Improvements in performance of the pre-acquisition receivables, indicating that the non-accretable discount exceeds expected future credit losses will not be a direct offset to charge-offs, but will result in a transfer of the excess non-accretable discount to accretable discount, which will be recorded as finance charge income over the remaining life of the receivables.

A portion of the fair value adjustment on the finance receivables is included as an accretable premium. This premium is accreted into finance charge income over the remaining life of the receivables utilizing the effective interest method.

Post-Acquisition Finance Receivables

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. We review charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. We also use historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date.

Allowance For Doubtful Accounts – Trade Receivables

Automotive

We estimate the balance of allowance for doubtful accounts by analyzing accounts receivable balances by age, and our estimate includes separately providing for specific customer balances when it is deemed probable that the balance is uncollectible. Account balances are charged off against the allowance when it is probable the receivable will not be recovered.

Inventory

Automotive

Inventories are stated at the lower of cost or market (LCM). In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Advertising

The following table summarizes advertising expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Advertising expense	$4,259	$2,110	$1,471	$5,303

Research and Development Expenditures

Automotive

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Research and development expense	$6,962	$3,034	$3,017	$8,012

Property, net

Property, plants and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For depreciable property placed in service before January 2001, Old GM used accelerated depreciation methods. For depreciable property placed in service after January 2001, Old GM used the straight-line method. Upon retirement or disposition of property, plants and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 12 and 26 for additional information on property and impairments.

Special Tools

Automotive

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives. Refer to Note 12 for additional information on special tools.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of vehicle platforms among brands, assets and other resources are shared extensively within GMNA and GME and financial information by brand or country is not discrete below the operating segment level such that GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated. Refer to Note 26 for additional information on goodwill impairments.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships, dealer network and favorable contracts.

All intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer network is recorded in Automotive selling, general and administrative expense or GM Financial operating expenses and other. Refer to Notes 2 and 14 for additional information on intangible assets.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform level. Non-product specific long-lived assets are tested for impairment on a segment basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

We tested certain long-lived assets for impairment in the year ended December 31, 2010 and in the period July 10, 2009 through December 31, 2009 and Old GM tested certain long-lived assets for impairment in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. Long-lived asset impairment charges were recorded based on the results of the analyses. Refer to Note 26 for additional information on impairment charges.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Equipment on Operating Leases, net

Equipment on operating leases, net, including leased vehicles within Total GM Financial Assets, is reported at cost, less accumulated depreciation and net of origination fees or costs. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are and Old GM was exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on the lower of forecasted or current auction proceeds in the U.S. and Canada and forecasted auction proceeds outside of the U.S. and Canada when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our automotive operations, when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less costs to sell. In our automotive finance operations, when a leased vehicle is returned or repossessed the asset is recorded at the lower of cost or estimated selling price, less costs to sell, and upon disposition a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating expenses and other. Refer to Notes 26 and 32 for additional information on impairments and operating lease arrangements with Ally Financial.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income (loss). The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions, which include the effects of remeasurements discussed in the preceding paragraph, are recorded in Automotive cost of sales and GM Financial operating expenses and other.

The following table summarizes the effects of foreign currency transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Gain (loss) resulting from foreign currency transactions	$(210)	$(755)	$(1,077)	$1,705

Policy, Warranty and Recall Campaigns

Automotive

The estimated costs related to policy and product warranties are accrued at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Environmental Costs

Automotive

A liability for environmental remediation costs is recorded when a loss is probable and can be reasonably estimated. For environmental sites where there are potentially multiple responsible parties, a liability for the allocable share of the costs related to involvement with the site is recorded, as well as an allocable share of costs related to insolvent parties or unidentified shares, neither of which are reduced for possible recoveries from insurance carriers. For environmental sites where we and Old GM are the only potentially responsible parties, a liability is recorded for the total estimated costs of remediation before consideration of recovery from insurers or other third parties. The process of estimating environmental remediation liabilities is complex and dependent primarily on the nature and extent of historical information and physical data relating to a contaminated site, the complexity of the site, the uncertainty as to what remediation and technology will be required, and the outcome of discussions with regulatory agencies and other potentially responsible parties at multi-party sites.

We have an established process to develop environmental liabilities that is used globally. This process consists of a number of phases that begins with visual site inspections and an examination of historical site records. Once a potential problem is identified, physical sampling of the site, which may include analysis of ground water and soil borings, is performed. The evidence obtained is then evaluated and if necessary, a remediation strategy is developed and submitted to the appropriate regulatory body for approval. The final phase of this process involves the commencement of remediation activities according to the approved plan.

When applicable, estimated liabilities for costs relating to ongoing operating, maintenance, and monitoring at environmental sites where remediation has commenced are recorded. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy is used for fair value measurements. The three-level valuation hierarchy is based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These three types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 3 in the valuation hierarchy at the beginning of the accounting period based upon the significance of the unobservable inputs to the overall fair value measurement. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income (loss) until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

Old GM classified all marketable securities as available-for-sale.

Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing vendor, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, certificates of deposit, commercial paper, and corporate debt securities are classified in Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace.

We conduct an annual review of our pricing vendor. This review includes discussion and analysis of the inputs used by the pricing vendor to provide prices for the types of securities we hold. These inputs included interest rate yields, bid/ask quotes, prepayment speeds and prices for comparable securities. Based on our review we believe the prices received from our pricing vendor are a reliable representation of fair value.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in debt and equity securities are other than temporary. Factors considered in determining whether a loss on a debt security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery. Prior to April 1, 2009 Old GM considered its ability and intent to hold the investment for a sufficient period of time to allow for any anticipated recovery. If losses are determined to be other than temporary, the loss is recorded in Interest income and other non-operating income, net and the investment carrying amount is adjusted to a revised fair value.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, interest rate swap, interest rate cap and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates, interest rates and certain commodity prices.

Our financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is composed of members of our management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee.

In August 2010 we changed our automotive operations risk management policy with respect to foreign exchange and commodities. Under our prior policy we intended to reduce volatility of forecasted cash flows primarily through the use of forward contracts and swaps. The intent of the new policy is to protect against risk arising from extreme adverse market movements on our key exposures and involves a shift to greater use of purchased options.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors, and current and forward market prices for commodities and foreign currency exchange rates. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily estimated forward and prepayment rates, are classified in Level 3.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2010 and 2009 our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2010 we incorporated published credit agency ratings of GM into our credit rating conclusions. At December 31, 2009 all derivatives whose fair values contained a significant credit adjustment based on our nonperformance risk were classified in Level 3. At December 31, 2010 we have determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. Consequently, at December 31, 2010 all automotive operations derivatives were reclassified to Level 2.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating expenses and other.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gain (losses) within a separate component of Accumulated other comprehensive income (loss). Amounts are reclassified from Accumulated other comprehensive income (loss) when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

Prior to October 1, 2008, Old GM recorded changes in fair value of derivatives designated as fair value hedges in earnings offset by changes in fair value of the hedged item to the extent the derivative was effective as a hedge. Old GM recorded the change in fair value of derivative instruments in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

As part of Old GM's quarterly tests for hedge effectiveness in the three months ended December 31, 2008, Old GM was unable to conclude that its cash flow and fair value hedging relationships continued to be highly effective. Therefore, Old GM discontinued the application of hedge accounting for derivative instruments used in cash flow and fair value hedging relationships. Old GM recorded certain releases of deferred gains and losses arising from previously designated cash flow and fair value hedges in earnings. The earnings effect resulting from the change in fair value of derivative instruments was recorded in the same line item in the consolidated statements of operations as the underlying exposure being hedged.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Refer to Note 21 for additional information related to derivative transactions.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;

- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook;

Concluding a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years, as adjusted for non-recurring matters.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and other non-operating income, net, interest expense in Automotive interest expense and penalties in Automotive selling, general and administrative expense.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants.

U.S. salaried retiree medical plan amendments are amortized over the period to full eligibility and actuarial gains and losses are amortized over the average remaining years of future service.

Actuarial (gains) losses and new prior service costs (credits) for the U.S. hourly healthcare plans are amortized over a time period corresponding with the average life expectancy of the plan participants.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60.0% of the difference between the fair value of assets and the expected calculated value in the first year and 10.0% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. and Canada, we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

In the U.S., Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

In countries other than the U.S. and Canada, discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Cash equivalents and other short-term investments are generally classified in Level 2.

Group Annuity Contracts

Group annuity contracts are the contracts or policies issued by a life insurance company, which are used as a funding instrument for specified benefits payments to be made in accordance with the defined benefit pension plans. The contracts or policies may be backed by one or more separately managed investment accounts, which hold investments in high quality fixed income securities. The value of each contract or policy depends, in part, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying assets owned by the separately managed investment accounts. The separately managed investment accounts, which typically calculate NAV (or its equivalent), and underlying assets are valued in accordance with the valuation policies of the respective insurers. From time to time, the defined benefit pension plans' liabilities may increase as a result of these contracts when the required reserves, as estimated by an insurer under the terms of the contract or policy, exceed the fair value of contract assets. The resulting difference represents an outstanding contract asset deficiency that must be funded by the defined benefit pension plan's sponsor. Group annuity contracts are generally classified in Level 3.

Common and Preferred Stock

Equity securities for which market quotations are readily available are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. In the event there were no sales during the five-day period before the reporting date and the five-day period after the reporting date or closing prices are not available, securities are valued at the last quoted bid price or may be valued using the last available price and are typically classified in Level 2. Common and preferred stock classified in Level 3 are typically those that are thinly traded, delisted, or privately issued securities or other issues that are priced by a dealer or pricing service using inputs such as aged (stale) pricing, and/or other qualitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, floating rate notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Pricing services utilize matrix pricing which considers prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices and are generally classified in Level 2. Securities within this asset class that are classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Exchange traded funds and real estate investment trusts, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. Investments in non-exchange traded funds and certain SPEs (e.g., limited partnerships, limited liability companies), which may be fully redeemed at NAV in the near-term (within 90 days), are generally measured at fair value on the basis of the NAV provided by the investment sponsor or its third party administrator, and generally classified in Level 2. Investments within this asset class that are classified in Level 3 include investments in funds, which may not be fully redeemed at NAV in the near-term, and are typically measured on the basis of the NAV. Level 3 investments also include direct private equity, debt, and real estate investments, which have inherent restrictions on near-term redemption. Fair value estimates for direct private equity, private debt, and real estate investments are provided by the respective investment sponsors and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, for which market quotations are readily available, are valued at the last reported sale price or official closing price as reported by an independent pricing service on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives are typically valued through independent pricing services and are generally classified in Level 2. Derivatives classified in Level 3 are typically priced by dealers and pricing services that use proprietary pricing models which incorporate unobservable inputs. These inputs include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Early Retirement Programs

An early retirement program was offered to certain German employees that allows these employees to transition from employment into retirement before their legal retirement age. Eligible employees who elect to participate in this pre-retirement leave program work full time in half of the pre-retirement period, the active period, and then do not work for the remaining half, the inactive period, and receive 50.0% of their salary in this pre-retirement period. Program related benefits are recognized over the period from when the employee signed the program contract until the end of the employee's active service period.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2010 49,000 of our U.S. employees (or 64%) were represented by unions, of which 48,000 employees were represented by the UAW. The current labor contract with the UAW is effective for a four-year term that began in October 2007 and expires in September 2011. The contract included a $3,000 lump sum payment in the year ended December 31, 2007 and performance bonuses of 3.0%, 4.0% and 3.0% of wages in the years ended December 31, 2008, 2009 and 2010 for each UAW employee. These payments are amortized over the 12-month period following the respective payment dates. In February 2009 Old GM and the UAW agreed to suspend the 2009 and 2010 performance bonus payments.

Job Security Programs

In May 2009 Old GM and the UAW entered into an agreement that suspended the Job Opportunity Bank (JOBS) Program, modified the Supplemental Unemployment Benefit (SUB) program and added the Transitional Support Program (TSP). These job security programs provide employee reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to CAW employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on our best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were expensed as incurred.

Stock Incentive Plans

GM

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We grant awards to our employees through the 2009 Long Term Incentive Plan and the GM Salary Stock Plan. We record compensation expense over the applicable vesting period of an award.

In November and December 2010 we consummated a public offering of 550 million shares of our common stock. Prior to this offering, the fair value of awards granted was based on the estimated fair value of our common stock. Commencing in November 2010 the fair value of our common stock is based on the New York Stock Exchange trading price. Refer to Note 31 for additional information regarding stock incentive plans.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore compensation cost is recorded on the date of grant.

Old GM

All of Old GM's awards for the period January 1, 2009 through July 9, 2009, and the year ended December 31, 2008 were accounted for at fair value, and compensation expense was recorded based on the award's estimated fair value. No share-based compensation expense was recorded for the top 25 most highly compensated employees in 2009, in compliance with the Loan and Security Agreement with the UST.

Stock options granted were measured on the date of grant using the Black-Scholes option-pricing model to determine fair value. Compensation expense was recorded on a graded vesting schedule. Old GM issued treasury shares upon exercise of employee stock options.

Option awards contingent on performance and market conditions were measured on the date of grant using a Monte-Carlo simulation model to determine fair value. Vesting was contingent upon a one-year service period and multiple performance and market requirements and was recorded on a graded vesting schedule over a weighted-average derived service period.

Market condition based cash-settled awards were granted to participants based on a minimum percentile ranking of Old GM's total stockholder return compared to all other companies in the S&P 500 for the same performance period. The fair value of each market condition based cash-settled award was estimated on the date of grant, and for each subsequent reporting period, remeasured using a Monte-Carlo simulation model that used multiple input variables.

Cash restricted stock units were granted to certain of Old GM's global executives that provided cash equal to the value of underlying restricted share units at predetermined vesting dates. Compensation expense was recorded on a straight-line basis over the requisite service period for each separately vesting portion of the award. The fair value of each cash-settled award was remeasured at the end of each reporting period, and the liability and related expense adjusted based on the new fair value of Old GM's common stock.

All outstanding Old GM awards remained with Old GM and we did not replace them in the 363 Sale.

Recently Adopted Accounting Principles

Variable Interest Entities

In January 2010 we adopted amendments to ASC 810, "Consolidation" (ASC 810). These amendments require an enterprise to qualitatively assess the determination of the primary beneficiary of a VIE based on whether the enterprise: (1) has the power to direct the activities of a VIE that most significantly affect the entity's economic performance; and (2) has the obligation to absorb losses of the entity or the right to receive benefits from the entity that could potentially be significant to the VIE. These amendments also require, among other considerations, an ongoing reconsideration of the primary beneficiary. In February 2010 the Financial Accounting Standard Board (FASB) issued guidance that permitted an indefinite deferral of these amendments for entities that have all the attributes of an investment company or that apply measurement principles consistent with those followed by investment companies. An entity that qualifies for the deferral will continue to be assessed under the overall guidance on the consolidation of VIE's in effect prior to the adoption of these amendments. This deferral was applicable to certain investment companies associated with our employee benefit plans and investment companies managing investments on behalf of unrelated third parties.

The amendments were adopted prospectively. Upon adoption, we consolidated General Motors Egypt (GM Egypt). Due to our application of fresh-start reporting on July 10, 2009 and because our investment in GM Egypt was accounted for using the equity method of accounting, there was no difference between the net assets added to the consolidated balance sheet upon consolidation and the amount of previously recorded interest in GM Egypt. As a result, there is no cumulative effect of a change in accounting principle to Accumulated deficit. However, the consolidation of GM Egypt resulted in an increase in Total assets of $254 million, an increase in Total liabilities of $178 million, and an increase in Noncontrolling interest of $76 million. The effect of these amendments was measured based on the amount at which the asset, liability and noncontrolling interest would have been carried or recorded in the consolidated financial statements if these amendments had been effective since inception of our relationship with GM Egypt. Refer to Note 17 for additional information regarding the effect of the adoption of these amendments.

Transfers of Financial Assets

In January 2010 we adopted certain amendments to ASC 860, "Transfer and Servicing" (ASC 860). ASC 860 eliminated the concept of a qualifying SPE, establishes a new definition of participating interest that must be met for transfers of portions of financial assets to be eligible for sale accounting, clarifies and amends the derecognition criteria for a transfer of financial assets to be accounted for as a sale, and changes the amount that can be recorded as a gain or loss on a transfer accounted for as a sale when beneficial interests are received by the transferor. The adoption of these amendments did not have an effect on the consolidated financial statements.

Accounting Standards Not Yet Adopted

In September 2009 the FASB issued Accounting Standard Update (ASU) 2009-13, "Multiple-Deliverable Revenue Arrangements" (ASU 2009-13). ASU 2009-13 addresses the unit of accounting for multiple-element arrangements. In addition, ASU 2009-13 revises the method by which consideration is allocated among the units of accounting. Specifically, the overall consideration is allocated to each deliverable by establishing a selling price for individual deliverables based on a hierarchy of evidence, involving vendor-specific objective evidence, other third party evidence of the selling price, or the reporting entity's best estimate of the selling price of individual deliverables in the arrangement. ASU 2009-13 will be effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. ASU 2009-13 is not expected to have a material effect on the consolidated financial statements.

In December 2010, the FASB issued ASU 2010-28, "Intangibles—Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28). The amendments in this ASU modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Any resulting goodwill impairment is recorded as a cumulative-effect adjustment to beginning Retained earnings (accumulated deficit) in the period of adoption.

GME has a negative carrying amount; as such, we will apply the provisions of ASU 2010-28 effective January 1, 2011. When a reduction occurs in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting, the amount of our implied goodwill can decline. Prior to the adoption of ASU 2010-28, any such decline does not result in recognition of an impairment loss as long as Step 1 of the goodwill impairment test is passed (as was the case at our October 1, 2010 annual testing date). However, proceeding directly to Step 2 of the goodwill impairment test as required in this circumstance upon adoption of ASU 2010-28 would result in recognition of any such impairment.

We are currently in the process of valuing the amount of the implied goodwill as of January 1, 2011 for GME, and estimate the high end of the range of possible adjustment to be approximately $1.3 billion. Our estimate represents the net decrease, from July 10, 2009 through January 1, 2011, in the fair-value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting resulting primarily from an overall improvement in our incremental borrowing rate and corresponding decrease in our nonperformance risk since July 10, 2009. The actual goodwill impairment determination can also be affected by other factors in the Step 2 impairment test which we have not yet finalized. As a result, the actual adjustment may be different than our current estimate upon the finalization of our valuation procedures and determination of our implied goodwill for GME at January 1, 2011.

Note 5. Acquisition and Disposal of Businesses

Acquisition of AmeriCredit Corp.

On October 1, 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of approximately $3.5 billion. The acquisition of AmeriCredit will allow us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	Successor October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating expenses and other.

(b) The Finance receivables were recorded at fair value, which was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the newly formed GM Financial reporting segment. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the year ended December 31, 2010 and the supplemental pro forma revenue and earnings of the combined entity as if the acquisition had occurred on January 1, 2009 (dollars in millions):

	Successor (Unaudited)			Predecessor (Unaudited)
	GM Financial amounts included in results for Year Ended December 31, 2010	Pro Forma-Combined		Pro Forma-Combined
		Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue	$281	$136,665	$58,215	$ 48,074
Net income (loss) attributable to stockholders	$ 90	$ 6,634	$ (4,125)	$109,234

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2009, nor are they indicative of future results.

Sale of Nexteer

On November 30, 2010 we completed the sale of Nexteer, a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009 as discussed under Acquisition of Delphi Businesses below. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third party suppliers and we remain a significant customer. During 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us. During the period from October 6, 2009, the date of acquisition, to December 31, 2009, Nexteer reported revenue of $453 million, of which $218 million were sales to us. We did not provide the pro forma financial information because we do not believe the information is material.

Acquisition of Strasbourg

On October 1, 2010 we acquired 100% of the outstanding equity interest of General Motors Strasbourg S.A.S (GMS) for cash of one Euro from MLC. GMS is an entity engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles which was previously owned by Old GM but retained by MLC in connection with the 363 Sale. MLC was unable to sell GMS and upon notification of their plan to liquidate GMS, we agreed to repurchase the business. We believe the repurchase of GMS allows us to maintain good relationships and to help expand our business within the European region.

We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010, the date we obtained control, and have included GMS's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	Successor
	October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities (b)	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

(b) Current liabilities include $8 million that is due to us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, classified as Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information is material. We began to record the results of GMS operations in our consolidated financial statements from the date of acquisition.

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC-HK) entered into a joint venture, SAIC GM Investment Limited (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. On February 1, 2010 we sold certain of our operations in India (GM India), part of our GMIO segment to HKJV, in exchange for a promissory note due in 2013. The amount due under the promissory note may be partially reduced, or increased, based on GM India's cumulative earnings before interest and taxes for the three year period ending December 31, 2012. In connection with the sale we recorded net consideration of $185 million and an insignificant gain. The sale transaction resulted in a loss of control and the deconsolidation of GM India on February 1, 2010. Accordingly, we removed the assets and liabilities of GM India from our consolidated financial statements and recorded an equity interest in HKJV to reflect cash of $50 million we contributed to HKJV and a $123 million commitment to provide additional capital that we are required to make in accordance with the terms of the joint venture agreement. We have recorded a corresponding liability to reflect our obligation to provide additional capital.

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi and other parties. Under the DMDA, we agreed to acquire Delphi's global steering business (Nexteer), which supplies us and other original equipment manufacturers (OEMs) with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components, primarily sold to us. In addition, we and several third party investors who held the Delphi Tranche DIP facilities (collectively the Investors) agreed to acquire substantially all of Delphi's remaining assets through DIP HOLDCO, LLP, subsequently named Delphi Automotive LLP (New Delphi). Certain excluded assets and liabilities were retained by a Delphi entity (DPH) to be sold or liquidated. In connection with the DMDA, we agreed to pay or assume Delphi obligations of $1.0 billion related to Delphi's senior DIP credit facility, including certain outstanding derivative instruments, its junior DIP credit facility, and other Delphi obligations, including certain administrative claims. At the closing of the transactions contemplated by the DMDA, we waived administrative claims associated with the advance agreements with Delphi, the payment terms acceleration agreement with Delphi, and the claims associated with previously transferred pension costs for hourly employees. Refer to Note 22 for additional information on the DMDA.

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests and the Pension Benefit Guarantee Corporation (PBGC) receiving Class C Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. In addition, the DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the MRA (as defined in Note 22) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply. The DMDA contains specific waterfall provisions for the allocation of distributions among the Class A, Class B and Class C New Delphi Membership Interests. Once the cumulative amount distributed by New Delphi exceeds $7.0 billion, our Class A Membership Interests will represent 35% of New Delphi with Class B representing the remaining 65%, excluding certain distributions to New Delphi directors and management and the unsecured creditors of Old Delphi. Our Class A Membership Interest entitles us to 49.12% of the first $1.0 billion of cumulative distributions and 57.78% of the next $1.0 billion of cumulative distributions excluding certain distributions to New Delphi directors and management. Additional distributions are applied to specific distribution levels until cumulative distributions reach $7.0 billion.

In October 2009 we consummated the transactions contemplated by the DMDA. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. Additionally, we waived our rights to $550 million and $300 million previously advanced to Delphi under the advance agreements and the payment terms acceleration agreement and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the PBGC $70 million.

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 22 for additional information on the Delphi-GM Settlement Agreements.

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor October 6, 2009
Net cash paid	$2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims (a)	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$3,742

(a) Previously advanced amounts of $850 million and value of other administrative claims of $116 million.

The Class A Membership Interests in New Delphi are accounted for using the equity method of accounting.

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor October 6, 2009
Cash and cash equivalents	$ 40
Accounts and notes receivable, net	541
Inventories	245
Other current assets and deferred income taxes	28
Property, net	202
Deferred income taxes	39
Other assets	3
Goodwill (a)	61
Accounts payable (principally trade)	(316)
Short-term debt and current portion of long-term debt	(67)
Accrued expenses	(101)
Long-term debt	(10)
Other liabilities and deferred income taxes	(364)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

(a) Goodwill of $61 million recorded in the GMNA reporting unit arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. The total amount of goodwill deductible for tax purposes is expected to be $398 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Nexteer and the four domestic facilities had revenue of $3.7 billion in the year ended December 31, 2008 of which 68% was related to sales to Old GM. Furthermore, through the terms of the MRA, we provided Delphi labor cost subsidies and production cash burn support to many of the facilities acquired. Refer to Note 22 for additional information on the MRA. Since we and Old GM accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses did not have a significant effect on our consolidated financial results as the costs associated with these facilities have been recorded as inventory costs and recorded in Automotive cost of sales. We did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity.

Saab Bankruptcy and Sale

In February 2009 Saab, part of our GME segment, filed for protection under the reorganization laws of Sweden in order to reorganize itself into a stand-alone entity. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other automotive expenses, net related to the deconsolidation. The loss reflected the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of DIP financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant fair value.

Saab's assets and liabilities were classified as held for sale at December 31, 2009. Saab's total assets of $388 million included cash and cash equivalents, inventory and receivables, and its total liabilities of $355 million included accounts payable, warranty and pension obligations and other liabilities.

In February 2010 we completed the sale of Saab and in May 2010 we completed the sale of Saab Automobile GB (Saab GB) to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remaining $24 million in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the DIP financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 6. Finance Receivables, net

Automotive Financing

The following table summarizes the components of Finance receivables, net (dollars in millions):

	Successor December 31, 2010
Pre-acquisition finance receivables (pre-acquisition carrying amount)	$7,724
Post-acquisition finance receivables	924
Total finance receivables	8,648
Purchase price premium	423
Less non-accretable discount on pre-acquisition finance receivables	(848)
Less allowance for loan losses on post-acquisition receivables	(26)
Total finance receivables, net	$8,197

Finance contracts are purchased by GM Financial from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

At December 31, 2010 the accrual of finance charge income has been suspended on delinquent finance receivables of $491 million.

The following table summarizes purchase price premium (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$500
Amortization of premium	(77)
Balance at end of period	$423

The following table summarizes non-accretable discount (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 968
Recoveries	101
Charge-offs	(221)
Balance at end of period	$ 848

The following table summarizes the allowance for loan losses (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$—
Provision for loan losses	26
Recoveries	—
Charge-offs	—
Balance at end of period	$26

Credit Quality

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	Successor
	December 31, 2010
FICO score less than 540	$1,328
FICO score 540 to 599	3,396
FICO score 600 to 659	2,758
FICO score greater than 660	1,166
Total finance receivables	$8,648

Delinquency

The following summarizes finance receivables more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	Successor	
	December 31, 2010	
	Amount	Percent
Delinquent contracts		
31 to 60 days	$535	6.2%
Greater-than-60 days	212	2.4%
Total finance receivables more than 30 days delinquent	747	8.6%
In repossession	28	0.3%
Total finance receivables more than 30 days delinquent and in repossession	$775	8.9%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Note 7. Securitizations

Automotive Financing

The following table summarizes securitization activity and cash flows from SPEs used for securitizations (dollars in millions):

	Successor
	October 1, 2010 Through December 31, 2010
Receivables securitized	$743
Net proceeds from securitization	$700
Servicing fees	
Variable interest entities	$ 46
Distributions from Trusts	
Variable interest entities	$216

GM Financial retains servicing responsibilities for receivables transferred to certain SPEs. At December 31, 2010 GM Financial serviced finance receivables that have been transferred to certain SPEs of $7.2 billion.

Note 8. Marketable Securities

Automotive

The following table summarizes information regarding marketable securities (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
		Unrealized				Unrealized		
	Cost	Gains	Losses	Fair Value	Cost	Gains	Losses	Fair Value
Marketable Securities								
Available-for-sale securities								
United States government and agencies	$2,023	$—	$—	$2,023	$ 2	$—	$—	$ 2
Sovereign debt	773	—	—	773	—	—	—	—
Certificates of deposit	954	—	—	954	8	—	—	8
Corporate debt	1,670	1	2	1,669	—	—	—	—
Total available-for-sale securities	5,420	1	2	5,419	10	—	—	10
Total trading securities	129	10	3	136	122	7	5	124
Total Marketable securities	$5,549	$11	$ 5	$5,555	$132	$ 7	$ 5	$134

We maintained $89 million and $79 million of the above trading securities as compensating balances to support letters of credit of $74 million and $66 million at December 31, 2010 and 2009. We have access to these securities in the normal course of business; however, the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

The following table summarizes securities classified as Cash and cash equivalents and Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Securities classified as Cash and cash equivalents	$12,964	$11,176
Securities classified as Restricted cash and marketable securities	$ 1,474	$14,178

Refer to Note 24 for classes of securities underlying Cash and cash equivalents and Restricted cash and marketable securities.

The following table summarizes proceeds from and realized gains and losses on disposals of investments in marketable securities classified as available-for-sale and sold prior to maturity (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Sales proceeds	$11	$ 3	$185	$4,001
Realized gains	$—	$—	$ 3	$ 44
Realized losses	$—	$—	$ 10	$ 88

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2010 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Due in one year or less	$5,059	$5,059
Due after one year through five years	361	360
Total contractual maturities of available-for-sale securities	$5,420	$5,419

Refer to Note 26 for the amounts recorded as other than temporary impairments on debt and equity securities.

Note 9. Inventories

Automotive

The following table summarizes the components of Inventories (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Productive material, supplies and work in process	$ 5,487	$ 4,201
Finished product, including service parts	6,638	5,906
Total inventories	$12,125	$10,107

In the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 Old GM's U.S. LIFO eligible inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities, which were carried at lower costs prevailing in prior years as compared with the costs of purchases in the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008. These liquidations decreased Old GM's Automotive cost of sales by $5 million in the period January 1, 2009 through July 9, 2009 and $355 million in the year ended December 31, 2008.

Note 10. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net and the related accumulated depreciation (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Equipment on operating leases	$2,843	$3,070
Less accumulated depreciation	(275)	(343)
Equipment on operating leases, net	$2,568	$2,727

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation expense and impairment charges	$549	$586	$338	$1,575

Refer to Note 26 for additional information on impairment charges related to Equipment on operating leases, net.

Note 11. Equity in Net Assets of Nonconsolidated Affiliates

Automotive

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding equity in income (loss) of and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Ally Financial	$ —	$ —	$(1,097)	$ 916
Gain on conversion of UST Ally Financial Loan	—	—	2,477	—
Ally Common Membership Interest impairment charges	—	—	—	(7,099)
Total equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ 1,380	$(6,183)
China JVs (a)	$1,297	$460	$ 300	$ 315
New United Motor Manufacturing, Inc. (b)	—	—	(243)	(118)
New Delphi (c)	117	(1)	—	—
Others	24	38	4	(11)
Total equity income, net of tax	$1,438	$497	$ 61	$ 186

(a) Includes Shanghai General Motors Co., Ltd. (SGM) (49%) in the period February 1, 2010 through December 31, 2010 and (50%) in the month of January 2010, in the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, and in the year ended December 31, 2008 and SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (44%) in the period November 16, 2010 through December 31, 2010 and (34%) in the periods January 1, 2010 through November 15, 2010, July 10, 2009 through December 31, 2009, January 1, 2009 through July 9, 2009, and the year ended December 31, 2008.

(b) New United Motor Manufacturing, Inc. (NUMMI) (50%) was retained by MLC as a part of the 363 Sale.

(c) New Delphi was acquired in October 2009. Refer to Note 5 for additional information on acquisition of Delphi businesses.

Investment in China JVs

Our Chinese operations, which we established beginning in 1997, are comprised of the following joint ventures: SGM, SGMW, FAW-GM Light Duty Commercial Vehicle, Ltd. (FAW-GM), Pan Asia Technical Automotive Center Co., Ltd. (PATAC), Shanghai OnStar Telematics Co. Ltd. (Shanghai OnStar) and Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Used Car

JV), collectively referred to as the China JVs. Sales and income of these joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax.

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (51%) and us (49%) in 1997. SGM has interests in three other joint ventures in China — Shanghai GM (Shenyang) Norsom Motor Co., Ltd (SGM Norsom), Shanghai GM Dong Yue Motors Co., Ltd (SGM DY) and Shanghai GM Dong Yue Powertrain (SGM DYPT). These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). The four joint ventures (SGM Group) are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet and Cadillac.

SGMW produces mini-commercial vehicles and passenger cars utilizing local architectures under the Wuling, Chevrolet and Baojun brands. FAW-GM, of which we own 50% and China FAW Group Corporation (FAW) owns 50%, produces light commercial vehicles under the Jiefang brand and medium vans under the FAW brand. Our joint venture agreements allow for significant rights as a member.

SAIC, one of our joint venture partners, currently produces vehicles under its own brands for sale in the Chinese market. At present vehicles that SAIC produces primarily serve markets that are different from markets served by our joint ventures.

PATAC is our China-based engineering and technical joint venture with SAIC. Shanghai OnStar is our joint venture with SAIC that provides Chinese customers with a wide array of vehicle safety and information services. Used Car JV is our joint venture with SAIC that will cooperate with current distributors of SGM products in the establishment of dedicated used car sales and service facilities across China.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which is contingently exercisable based on events which we do not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on this transaction in the year ended December 31, 2010.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction, we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW. The fair value of the additional 10% interest in SGMW was $394 million at the date of the transaction, as determined using a discounted cash flow methodology. The difference between the cash consideration and the fair value of the 10% interest in SGMW is being deferred and amortized over the three year period we will provide technical services to the Wuling Group. During the year ended December 31, 2010 $14 million was amortized and recorded in Interest income and other non-operating income, net.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in significant nonconsolidated affiliates (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount of investment in China JVs	$6,133	$5,648
Carrying amount of investment in New Delphi	2,043	1,908
Carrying amount of other investments	353	380
Total equity in net assets of nonconsolidated affiliates	$8,529	$7,936

On July 10, 2009 our investments in SGM and its subsidiaries were adjusted to their fair values. Our investment in SGM was increased by fresh-start reporting adjustments of $3.5 billion. This fair value adjustment of $3.5 billion was allocated as follows: (1) goodwill of $2.9 billion; (2) intangible assets of $0.6 billion; and (3) property of $38 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of the assets ranging from seven to 25 years, with amortization expense of $24 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from two to 22 years, with depreciation expense of $5 million per year.

On July 10, 2009 our investment in SGMW was adjusted to its fair value. Our investment in SGMW was increased by fresh-start reporting adjustments of $265 million which were allocated as follows: (1) goodwill of $165 million; (2) intangible assets of $93 million; and (3) property of $7 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $4 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

As a result of our purchase of an additional 10% interest in SGMW, our additional investment was recorded at its fair value of $394 million, an increase of $322 million from SGMW's book value. This fair value increase was allocated as follows: (1) goodwill of $231 million; (2) intangible assets of $82 million; (3) inventory of $5 million; and (4) property of $4 million. The increase in basis related to intangible assets is being amortized on a straight-line basis over the remaining useful lives of 25 years, with amortization expense of $3 million per year. The increase in basis related to property is being depreciated on a straight-line basis over the remaining useful lives of the assets ranging from three to 22 years.

The following table presents summarized financial data for all of our nonconsolidated affiliates, excluding Ally Financial (dollars in millions):

	China JVs	Others	Total	China JVs	Others	Total
	December 31, 2010	December 31, 2010	December 31, 2010	December 31, 2009	December 31, 2009	December 31, 2009
Summarized Balance Sheet Data						
Current assets	$ 9,689	$ 9,708	$19,397	$ 6,954	$ 8,507	$15,461
Non-current assets	4,147	5,001	9,148	3,794	4,874	8,668
Total assets	$13,836	$14,709	$28,545	$10,748	$13,381	$24,129
Current liabilities	$ 8,931	$ 4,745	$13,676	$ 6,695	$ 4,608	$11,303
Non-current liabilities	580	2,232	2,812	302	1,905	2,207
Total liabilities	$ 9,511	$ 6,977	$16,488	$ 6,997	$ 6,513	$13,510
Non-controlling interests	$ 766	$ 474	$ 1,240	$ 638	$ 440	$ 1,078

	Year Ended December 31, 2010 (a)	Year Ended December 31, 2009 (b)	Year Ended December 31, 2008
Summarized Operating Data			
China JV's net sales	$25,395	$18,098	$10,883
Others' net sales	17,500	7,457	10,415
Total net sales	$42,895	$25,555	$21,298
China JV's net income	$ 2,808	$ 1,636	$ 671
Others' net income	656	161	(5,212)
Total net income	$ 3,464	$ 1,797	$ (4,541)

(a) Summarized financial information is not included for a joint venture that we dissolved in June 2010. We recognized equity income of $10 million in the six months ended June 30, 2010.

(b) Summarized financial information is not included for a joint venture which remained with MLC at July 9, 2009. Old GM recognized equity loss of $243 million in the period January 1, 2009 through July 9, 2009.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and parts, and we purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates, excluding transactions with Ally Financial which are disclosed in Note 32, which are not eliminated in consolidation (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Results of Operations				
Automotive sales	$2,910	$ 899	$596	$1,076
Automotive purchases, net	$2,881	$1,190	$737	$3,815
Automotive selling, general and administrative expense	$ 3	$ (19)	$ (19)	$ 62
Automotive interest expense	$ 16	$ —	$ —	$ —
Interest income and other non-operating income (expense), net	$ 43	$ 14	$ (9)	$ 231

	Successor	
	December 31, 2010	December 31, 2009
Financial Position		
Accounts and notes receivable, net	$1,618	$771
Accounts payable (principally trade)	$ 641	$579

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash Flows				
Operating	$719	$538	$546	$(1,014)
Investing	$ (74)	$ (67)	$ —	$ 370
Financing	$ —	$ —	$ —	$ —

Investment in Ally Financial

As part of the approval process for Ally Financial to obtain Bank Holding Company status in December 2008, Old GM agreed to reduce its ownership in Ally Financial to less than 10% of the voting and total equity of Ally Financial by December 24, 2011. At December 31, 2010 our equity ownership in Ally Financial was 9.9%.

In January 2009 Old GM entered into the UST Ally Financial Loan Agreement pursuant to which Old GM borrowed $884 million (UST Ally Financial Loan) and utilized those funds to purchase 190,921 Class B Common Membership Interests in Ally Financial. The UST Ally Financial Loan was scheduled to mature in January 2012 and bore interest, payable quarterly, at the same rate of interest as the UST Loans. The UST Ally Financial Loan Agreement was secured by Old GM's Common and Preferred Membership Interests in Ally Financial. The UST had the option to convert outstanding amounts into a maximum of 190,921 shares of Ally Financial's Class B Common Membership Interests on a pro rata basis.

In May 2009 the UST exercised this option, the outstanding principal and interest under the UST Ally Financial Loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of Ally Financial Common Membership Interests of $2.5 billion recorded in Equity in income of and disposition of interest in Ally Financial and a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion recorded in Loss on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of Ally Financial's Common Membership Interests.

Ally Financial converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in Ally Financial using the cost method rather than the equity method as Old GM could not exercise significant influence over Ally Financial. Prior to converting to a C corporation, Old GM's investment in Ally Financial was accounted for in a manner similar to an investment in a limited liability partnership and the equity method was applied because Old GM's influence was more than minor. In connection with Ally Financial's conversion into a C corporation, each unit of each class of Ally Financial Membership Interests was converted into shares of capital stock of Ally Financial with substantially the same rights and preferences as such Membership Interests. On July 10, 2009 we acquired the investment in Ally Financial's common and preferred stocks in connection with the 363 Sale.

In December 2009 the UST made a capital contribution to Ally Financial of $3.8 billion. The UST also exchanged all of its existing Ally Financial non-convertible preferred stock for newly issued mandatory convertible preferred securities valued at $5.3 billion and converted mandatory convertible preferred securities valued at $3.0 billion into Ally Financial common stock. These actions resulted in the dilution of our investment in Ally Financial common stock from 24.5% to 16.6%, of which 6.7% was held directly and 9.9% was held indirectly through an independent trust.

In December 2010 the UST agreed to convert its optional conversion feature on the shares of mandatory convertible preferred securities held by the UST. Through this transaction, Ally Financial converted 110 million shares of preferred securities into 532 thousand shares of common stock. This action resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% is held directly and 5.9% is held indirectly through an independent trust. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2011. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10%.

The following tables summarize financial information of Ally Financial for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Six Months Ended June 30, 2009	Year Ended December 31, 2008
Consolidated Statement of Income (Loss)		
Total financing revenue and other interest income	$ 6,916	$18,054
Total interest expense	$ 3,936	$10,441
Depreciation expense on operating lease assets	$ 2,113	$ 5,478
Gain on extinguishment of debt	$ 657	$12,628
Total other revenue	$ 2,117	$15,271
Total noninterest expense	$ 3,381	$ 8,349
Loss from continuing operations before income tax expense	$(2,260)	$ 4,737
Income tax expense from continuing operations	$ 972	$ (136)
Net income (loss) from continuing operations	$(3,232)	$ 4,873
Loss from discontinued operations, net of tax	$(1,346)	$ (3,005)
Net income (loss)	$(4,578)	$ 1,868

	June 30, 2009
Condensed Consolidated Balance Sheet	
Loans held for sale	$ 11,440
Total finance receivables and loans, net	$ 87,520
Investment in operating leases, net	$ 21,597
Other assets	$ 22,932
Total assets	$181,248
Total debt	$105,175
Accrued expenses and other liabilities	$ 41,363
Total liabilities	$155,202
Preferred stock held by UST	$ 12,500
Preferred stock	$ 1,287
Total equity	$ 26,046

Ally Financial – Preferred and Common Membership Interests

The following tables summarize the activity with respect to the investment in Ally Financial Common and Preferred Membership Interests for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Predecessor	
	Ally Financial Common Membership Interests	Ally Financial Preferred Membership Interests
Balance at January 1, 2009	$ 491	$43
Old GM's proportionate share of Ally Financial's losses (a)	(1,130)	(7)
Investment in Ally Financial Common Membership Interests	884	—
Gain on disposition of Ally Financial Common Membership Interests	2,477	—
Conversion of Ally Financial Common Membership Interests	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$36

(a) Due to impairment charges and Old GM's proportionate share of Ally Financial's losses, the carrying amount of Old GM's investments in Ally Financial Common Membership Interests was reduced to $0. Old GM recorded its proportionate share of Ally Financial's remaining losses to its investment in Ally Financial Preferred Membership Interests.

Note 12. Property, net

Automotive

The following table summarizes the components of Property, net (dollars in millions):

	Successor			
	Estimated Useful Lives (Years)	December 31, 2010	Estimated Useful Lives (Years)	December 31, 2009
Land	—	$ 2,536	—	$ 2,602
Buildings and land improvements	2-40	4,324	2-40	4,292
Machinery and equipment	3-30	8,727	3-30	6,686
Construction in progress	—	1,754	—	1,649
Real estate, plants, and equipment		17,341		15,229
Less accumulated depreciation		(3,277)		(1,285)
Real estate, plants, and equipment, net		14,064		13,944
Special tools, net	1-13	5,171	1-13	4,743
Total property, net		$19,235		$18,687

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Capitalized interest	$62	$21	$28	$576

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Capitalized software in use, net	$287	$263
Capitalized software in the process of being developed	$ 96	$ 81

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Depreciation and impairment of long-lived assets	$1,988	$1,355	$4,352	$4,863
Amortization and impairment of special tools	1,826	865	2,139	3,493
Total depreciation, impairment charges and amortization expense	$3,814	$2,220	$6,491	$8,356
Capitalized software amortization expense (a)	$ 195	$ 132	$ 136	$ 209

(a) Included in Total depreciation, impairment charges and amortization expense.

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. As a result, Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. We recorded incremental depreciation and amortization of $18 million and $20 million in the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion and $0.8 billion in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Note 13. Goodwill

Consolidated

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor						
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	GM Financial	Total
Balance at January 1, 2010	$26,409	$3,335	$771	$157	$30,672	$ —	$30,672
Reporting unit reorganization (b)	—	(82)	82	—	—	—	—
Goodwill acquired (c)	—	—	—	—	—	1,265	1,265
Disposals	(17)	—	(2)	—	(19)	—	(19)
Effect of foreign currency translation and other	2	(200)	50	8	(140)	—	(140)
Balance at December 31, 2010	26,394	3,053	901	165	30,513	1,265	31,778
Accumulated impairment charges	—	—	—	—	—	—	—
Goodwill	$26,394	$3,053	$901	$165	$30,513	$1,265	$31,778

	Successor					
	GMNA	GME	GMIO	GMSA (a)	Total Automotive	Total
Balance at July 10, 2009 (d)	$26,348	$3,262	$713	$141	$30,464	$30,464
Goodwill acquired	61	—	—	—	61	61
Effect of foreign currency translation and other	—	73	71	16	160	160
Goodwill included in Assets held for sale	—	—	(13)	—	(13)	(13)
Balance at December 31, 2009	26,409	3,335	771	157	30,672	30,672
Accumulated impairment charges	—	—	—	—	—	—
Goodwill	$26,409	$3,335	$771	$157	$30,672	$30,672

(a) Reflects the revised segment presentation for our newly created GMSA segment. Refer to Note 35 for additional information.

(b) In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment. Goodwill was reassigned between reporting units on a relative-fair-value basis.

(c) On October 1, 2010 our acquisition of AmeriCredit became effective. Pursuant to ASC 805 we assigned fair value to all assets, including identifiable intangible assets, and liabilities acquired. Subsequent to assigning fair values and recording deferred income taxes in accordance with ASC 740, a residual amount of $1.3 billion was recorded as Goodwill. Goodwill includes $153 million that was recorded at the acquisition date to establish a valuation allowance for deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

(d) We recorded Goodwill of $30.5 billion upon application of fresh-start reporting. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. However, when applying fresh-start reporting, certain accounts, primarily employee benefit plan and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712 and 715 and deferred income taxes were recorded in accordance with ASC 740. Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in Goodwill. These valuation allowances were due in part to Old GM's history of recurring operating losses, and our projections at the 363 Sale date of continued near-term operating losses in certain jurisdictions. While the 363 Sale constituted a significant restructuring that eliminated many operating and financing costs, Old GM had undertaken significant restructurings in the past that failed to return certain jurisdictions to profitability. At the 363 Sale date, we concluded that there was significant uncertainty as to whether the recent restructuring actions would return these jurisdictions to sustained profitability, thereby necessitating the establishment of a valuation allowance against certain deferred tax assets. None of the goodwill from this transaction is deductible for tax purposes.

In the three months ended December 31, 2010 and 2009 we performed our annual goodwill impairment analysis of our reporting units at October 1, 2010 and 2009, and in the three months ended June 30, 2010 an event-driven impairment analysis for GME which resulted in no goodwill impairment charges.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009, as discussed in Note 2, and in any subsequent annual or event-driven impairment tests and resulted in Level 3 measures.

Our fair value estimate assumes the achievement of the future financial results contemplated in our forecasted cash flows, and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Refer to Note 26 for additional information on goodwill impairments in prior periods.

Note 14. Intangible Assets, net

Automotive

The following table summarizes the components of Intangible assets, net (dollars in millions):

	Successor							
	December 31, 2010				December 31, 2009			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	3	$ 7,751	$3,650	$ 4,101	4	$ 7,741	$1,460	$ 6,281
Brands	37	5,439	222	5,217	38	5,508	72	5,436
Dealer network and customer relationships	20	2,172	199	1,973	21	2,205	67	2,138
Favorable contracts	26	526	120	406	24	542	39	503
Other	2	19	9	10	3	17	3	14
Total amortizing intangible assets	21	15,907	4,200	11,707	20	16,013	1,641	14,372
Non amortizing in process research and development		175	—	175		175	—	175
Total intangible assets		$16,082	$4,200	$11,882		$16,188	$1,641	$14,547

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Amortization expense related to intangible assets	$2,560	$1,584	$44	$83

(a) Amortization expense in the period July 10, 2009 through December 31, 2009 includes an impairment charge of $21 million related to technology and intellectual property. Refer to Note 26 for additional information on the impairment charge.

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2011	$1,785
2012	$1,560
2013	$1,227
2014	$ 611
2015	$ 314

Note 15. Restricted Cash and Marketable Securities

Automotive

Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements. Funds previously held in the UST Credit Agreement and currently held in the Canadian Health Care Trust (HCT) escrow and other accounts have been invested in government securities and money market funds in accordance with the terms of the escrow agreements. At December 31, 2010 and 2009 we held securities of $1.5 billion and $14.2 billion that were classified as Restricted cash and marketable securities. Refer to Note 24 for additional information on securities classified as Restricted cash and marketable securities.

The following table summarizes the components of automotive Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current		
UST Credit Agreement (a)	$ —	$12,475
Canadian Health Care Trust (b)	1,008	955
Receivables Program (c)	—	187
Securitization trusts	6	191
Pre-funding disbursements	32	94
Other (d)	194	15
Total current automotive Restricted cash and marketable securities	1,240	13,917
Non-current		
Collateral for insurance related activities	588	658
Other non-current (d)	572	831
Total automotive Restricted cash and marketable securities	$2,400	$15,406

(a) In April 2010 the UST Loans and Canadian Loan were paid in full and funds remaining in escrow were no longer subject to restrictions.

(b) Under the terms of an escrow agreement between GMCL, the EDC and an escrow agent, GMCL established a CAD $1.0 billion (equivalent to $893 million when entered into) escrow to fund certain of its healthcare obligations.

(c) The Receivables Program provided financial assistance to automotive suppliers by guaranteeing or purchasing certain receivables payable by us. In April 2010 the Receivable Program was terminated in accordance with its terms.

(d) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Automotive Financing

Cash subject to contractual restrictions and not readily available is classified as restricted cash.

The following table summarizes the components of automotive financing restricted cash (dollars in millions):

	Successor
	December 31, 2010
Restricted cash — securitization notes payable (a)	$ 926
Restricted cash — credit facilities (a)	131
Restricted cash — other (b)	33
Total automotive financing restricted cash	$1,090

(a) Cash pledged to support securitization transactions and credit facilities is invested in highly liquid securities with original maturities of 90 days or less or in highly rated guaranteed investment contracts.

(b) Other restricted cash is pledged in association with derivative transactions.

Note 16. Other Assets

Automotive

The following table summarizes the components of Other assets (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Investment in Ally Financial common stock	$ 964	$ 970
Investment in Ally Financial preferred stock	665	665
Notes receivable (a)	465	149
Taxes other than income taxes	299	297
Derivative assets	44	44
Other	849	498
Total other assets	$3,286	$2,623

(a) At December 31, 2010 a note receivable of $245 million is included related to the sale of GM India. Refer to Note 5 for additional information.

Note 17. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are or Old GM was the primary beneficiary primarily include: (1) previously divested suppliers for which we provide or Old GM provided guarantees or financial support; (2) a program announced by the UST in March 2009 to provide financial assistance to automotive suppliers (Receivables Program); (3) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles in certain markets; (4) leasing SPEs which held real estate assets and related liabilities for which Old GM provided residual guarantees; and (5) an entity which manages certain private equity investments held by our and Old GM's defined benefit plans, along with seven associated general partner entities.

Certain creditors and beneficial interest holders of these VIEs have or had limited, insignificant recourse to our general credit or Old GM's general credit. In the event that creditors or beneficial interest holders were to have such recourse to our or Old GM's general credit, we or Old GM could be held liable for certain of the VIEs' obligations. GM Daewoo Auto & Technology Co. (GM Daewoo), a non-wholly owned consolidated subsidiary that we control through a majority voting interest, is also a VIE because in the future it may require additional subordinated financial support. The creditors of GM Daewoo's short-term debt of $70 million, preferred shares classified as long-term debt of $835 million and current derivative liabilities of $111 million at December 31, 2010 do not have recourse to our general credit. In February 2011 we provided a guarantee to Korean Development Bank, a minority shareholder in GM Daewoo, to redeem GM Daewoo's preferred shares should GM Daewoo not have sufficient legally distributable earnings.

The following table summarizes the carrying amount of consolidated VIEs that we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor	
	December 31, 2010 (a)(b)	December 31, 2009 (a)
Assets		
Cash and cash equivalents	$145	$ 15
Restricted cash and marketable securities	1	191
Accounts and notes receivable, net	121	14
Inventories	108	15
Other current assets	14	—
Property, net	44	5
Other assets	48	33
Total assets	$481	$273
Liabilities		
Accounts payable (principally trade)	$226	$ 17
Short-term borrowings and current portion of long-term debt	5	205
Accrued liabilities	34	10
Other liabilities	42	23
Total liabilities	$307	$255

(a) Amounts exclude GM Daewoo.

(b) At December 31, 2010 GM Egypt had Total assets of $401 million and Total liabilities of $277 million.

The following table summarizes the amounts recorded in earnings related to consolidated VIEs we do not control through a majority voting interest or are part of GM Financial's securitization transactions (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)(b)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (a)	Year Ended December 31, 2008 (a)
Total net sales and revenue	$753	$41	$ 31	$ 40
Automotive cost of sales	623	8	(1)	5
Automotive selling, general administrative expense	34	8	5	(11)
Other automotive expenses, net	3	9	10	19
Automotive interest expense	6	14	22	—
Interest income and other non-operating income, net	6	—	—	—
Reorganization loss, net	—	—	26	—
Income tax expense	11	1	—	—
Equity income, net of tax	2	—	—	—
Net income (loss)	$ 84	$ 1	$(31)	$ 27

(a) Amounts exclude GM Daewoo.

(b) In the year ended December 31, 2010 GM Egypt recorded Total net sales and revenue of $714 million.

GM Egypt

GM Egypt, of which we own 31%, is an automotive manufacturing organization that was previously accounted for using the equity method of accounting. GM Egypt was founded in March 1983 to assemble and manufacture vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. In connection with our adoption of amendments to ASC 810, we consolidated GM Egypt in January 2010.

Receivables Program

At December 31, 2009 our equity contributions were $55 million and the UST had outstanding loans of $150 million to the Receivables Program. In March 2010 we repaid these loans in full. The Receivables Program was terminated in accordance with its terms in April 2010. Upon termination, we shared residual capital of $25 million in the program equally with the UST and paid a termination fee of $44 million.

CAMI

In March 2009 Old GM determined that due to changes in contractual arrangements related to CAMI Automotive Inc. (CAMI), it was required to reconsider its previous conclusion that CAMI was not a VIE. As a result of Old GM's analysis, it determined that CAMI was a VIE and Old GM was the primary beneficiary, and therefore Old GM consolidated CAMI. The equity interests held by Old GM and held by the noncontrolling interest had a fair value of approximately $12 million. Total assets were approximately $472 million comprised primarily of property, plants, and equipment and related party accounts receivable and inventory. Total liabilities were approximately $460 million, comprised primarily of long-term debt, accrued liabilities and pension and other post-employment benefits. In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million, increasing our ownership interest from 50% to 100%. CAMI is a wholly-owned subsidiary and therefore not included in the previous tabular disclosure.

Automotive Financing

GM Financial finances its loan origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains an interest in these securitization trusts which are structured without recourse.

GM Financial's continuing involvement with the credit facilities and securitization trusts includes servicing loans held by the SPEs and holding a residual interest in the SPE. The SPEs are considered VIEs because they do not have sufficient equity at risk, and are consolidated because GM Financial is the primary beneficiary and has the power over those activities that most significantly affect the economic performance of the SPEs, and has an obligation to absorb losses or the right to receive benefits from the SPEs which are potentially significant. Refer to Notes 6, 7 and 19 for additional information on GM Financial's involvement with the SPEs.

GM Financial is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The finance receivables and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 6 and 7 for disclosures related to the amounts held by the SPEs as of the balance sheet dates.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated because we are not or Old GM was not the primary beneficiary primarily include: (1) troubled suppliers for which we provide or Old GM provided guarantees or financial support; (2) vehicle sales and marketing joint ventures that manufacture, market and sell vehicles and related services; (3) leasing entities for which residual value guarantees were made; (4) certain research entities for which annual ongoing funding requirements exist; and (5) Ally Financial.

Guarantees and financial support are provided to certain current or previously divested suppliers in order to ensure that supply needs for production are not disrupted due to a supplier's liquidity concerns or possible shutdowns. Types of financial support that we provide and Old GM provided include, but are not limited to: (1) funding in the form of a loan; (2) guarantees of the supplier's debt or credit facilities; (3) one-time payments to fund prior losses of the supplier; (4) indemnification agreements to fund the suppliers' future losses or obligations; (5) agreements to provide additional funding or liquidity to the supplier in the form of price increases or changes in payment terms; and (6) assisting the supplier in finding additional investors. The maximum exposure to loss related to these VIEs is not expected to be in excess of the amount of net accounts and notes receivable recorded with the suppliers and any related guarantees and loan commitments.

We have and Old GM had investments in joint ventures that manufacture, market and sell vehicles in certain markets. The majority of these joint ventures are typically self-funded and financed with no contractual terms that require us to provide future financial support. Future funding is required for HKJV, as subsequently discussed. The maximum exposure to loss is not expected to be in excess of the carrying amount of the investments recorded in Equity in net assets of nonconsolidated affiliates, and any related capital funding requirements.

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 32 (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Carrying Amount	Maximum Exposure to Loss (a)	Carrying Amount	Maximum Exposure to Loss (a)
Assets				
Accounts and notes receivable, net	$108	$108	$ 8	$ 8
Equity in net assets of nonconsolidated affiliates	274	274	96	50
Other assets	60	59	26	26
Total assets	$442	$441	$130	$ 84
Liabilities				
Accounts payable (principally trade)	$ 1	$ —	$ —	$ —
Other liabilities	44	—	—	—
Total liabilities	$ 45	$ —	$ —	$ —
Off-Balance Sheet				
Residual value guarantees		$ —		$ 32
Loan commitments (b)		100		115
Other guarantees		3		4
Other liquidity arrangements (c)		223		—
Total guarantees and liquidity arrangements		$326		$151

(a) Amounts at December 31, 2010 and 2009 included $148 million and $139 million related to troubled suppliers.

(b) Amounts at December 31, 2010 and 2009 include undrawn loan commitments, primarily $100 million related to American Axle and Manufacturing Holdings, Inc. (American Axle).

(c) Amounts at December 31, 2010 include capital funding requirements, primarily an additional contingent future funding requirement of up to $223 million related to HKJV.

Stated contractual voting or similar rights for certain of our joint venture arrangements provide various parties with shared power over the activities that most significantly affect the economic performance of certain nonconsolidated VIEs. Such nonconsolidated VIEs are operating joint ventures located in developing international markets.

American Axle

In September 2009 we paid $110 million to American Axle, a former subsidiary and current supplier, to settle and modify existing commercial arrangements and acquire warrants to purchase 4 million shares of American Axle's common stock. We also provided American Axle with a second lien term loan facility of up to $100 million. Additional warrants will be granted if amounts are drawn on the second lien term loan facility.

As a result of these transactions, we concluded that American Axle was a VIE for which we were not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of American Axle that most significantly affect its economic performance. Our variable interests in American Axle include the warrants we received and the second lien term loan facility, which expose us to possible future losses depending on the financial performance of American Axle. At December 31, 2010 no amounts were outstanding under the second lien term loan facility. At December 31, 2010 our maximum contractual exposure to loss related to American Axle was $144 million, which represented the fair value of the warrants of $44 million and the potential exposure of $100 million related to the second lien term loan facility. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

Ally Financial

We own 9.9% of Ally Financial's common stock and preferred stock with a liquidation preference of $1.0 billion. Ally Financial is a VIE as it does not have sufficient equity at risk; however, we are not the primary beneficiary and we currently lack the power through voting or similar rights to direct those activities of Ally Financial that most significantly affect its economic performance. Refer to Notes 11 and 32 for additional information on our investment in Ally Financial, our significant agreements with Ally Financial and our maximum exposure under those agreements.

Saab

Our primary variable interest in Saab is the preference shares that we received in connection with the sale, which have a face value of $326 million and were recorded at an estimated fair value that is insignificant. We concluded that Saab is a VIE as it does not have sufficient equity at risk. We also determined that we are not the primary beneficiary because we lack the power to direct those activities that most significantly affect its economic performance. We continue to be obligated to fund certain Saab related liabilities, primarily warranty obligations related to vehicles sold prior to the disposition of Saab. At December 31, 2010 our maximum exposure to loss related to Saab was $105 million. Refer to Note 5 for additional information on the sale of Saab.

HKJV

In December 2009 we established the HKJV operating joint venture to invest in automotive projects outside of China, initially focusing on markets in India. HKJV purchased GM India in February 2010. We determined that HKJV is a VIE because it will require additional subordinated financial support, and we determined that we are not the primary beneficiary because we share the power with SAIC-HK to direct those activities that most significantly affect HKJV's economic performance. Refer to Note 5 for additional information on HKJV.

Note 18. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

Automotive

The following table summarizes the components of Accrued liabilities, other liabilities and deferred income taxes:

	Successor	
	December 31, 2010	December 31, 2009
Current		
Dealer and customer allowances, claims and discounts	$ 6,885	$ 6,444
Deposits from rental car companies	5,037	4,583
Deferred revenue	1,104	892
Policy, product warranty and recall campaigns	2,587	2,965
Payrolls and employee benefits excluding postemployment benefits	2,141	1,325
Insurance reserves	245	243
Taxes other than income taxes	1,083	1,031
Derivative liability	115	568
Postemployment benefits including facility idling reserves	672	985
Interest	48	142
Pensions	425	430
Income taxes	702	219
Deferred income taxes	23	57
Other	2,352	2,404
Total accrued liabilities	$23,419	$22,288
Non-current		
Dealer and customer allowances, claims and discounts	$ 344	$ 1,311
Deferred revenue	753	480
Policy, product warranty and recall campaigns	4,202	4,065
Payrolls and employee benefits excluding postemployment benefits	1,549	1,818
Insurance reserves	285	269
Derivative liability	7	146
Postemployment benefits including facility idling reserves	1,574	1,944
Income taxes	650	944
Deferred income taxes	1,207	807
Other	2,450	1,495
Total other liabilities and deferred income taxes	$13,021	$13,279

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$ 7,030	$ 7,193	$ 8,491	$ 9,615
Warranties issued and assumed in period	3,204	1,388	1,069	4,277
Payments	(3,662)	(1,797)	(1,851)	(5,068)
Adjustments to pre-existing warranties	210	66	(153)	294
Effect of foreign currency translation	7	180	63	(627)
Liability adjustment, net due to the deconsolidation of Saab (a)	—	—	(77)	—
Ending balance	6,789	7,030	7,542	8,491
Effect of application of fresh-start reporting	—	—	(349)	—
Ending balance including effect of application of fresh-start reporting	$ 6,789	$ 7,030	$ 7,193	$ 8,491

(a) In August 2009 Saab met the criteria to be classified as held for sale and, as a result, Saab's warranty liability was classified as held for sale at December 31, 2009.

Note 19. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of automotive short-term debt and current portion of long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
UST Loans	$ —	$ 5,712
Canadian Loan	—	1,233
GM Daewoo Revolving Credit Facility	—	1,179
Short-term debt — third parties	80	296
Short-term debt— related parties (a)	1,043	1,077
Current portion of long-term debt	493	724
Total automotive short-term debt and current portion of long-term debt	$ 1,616	$ 10,221
Available under short-term line of credit agreements (b)	$ 445	$ 220
Interest rate range on outstanding short-term debt (c)	0.0 –16.7%	0.0 –19.0%
Weighted-average interest rate on outstanding short-term debt (d)	5.7%	6.5%

(a) Primarily dealer financing from Ally Financial for dealerships we consolidate.

(b) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

(c) Includes zero coupon debt.

(d) Includes coupon rates on debt denominated in various foreign currencies.

The following table summarizes the components of automotive long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
VEBA Notes	$ —	$2,825
Other long-term debt	3,507	3,461
Total debt	3,507	6,286
Less current portion of long-term debt	(493)	(724)
Total automotive long-term debt	$3,014	$5,562
Available under long-term line of credit agreements (a)	$5,474	$ 398

(a) Commitment fees are paid on credit facilities at rates negotiated in each agreement. Amounts paid and expensed for these commitment fees during the years ended December 31, 2010 and 2009 were insignificant.

Automotive Financing

The following table summarizes the components of GM Financial debt (dollars in millions):

	Successor
	December 31, 2010
Credit facilities	
Medium-term note facility	$ 490
Syndicated warehouse facility	278
Bank funding facilities	64
Total credit facilities	832
Securitization notes payable	6,128
Senior notes and convertible senior notes (a)	72
Total GM Financial debt	$7,032

(a) Senior notes and convertible senior notes are included in GM Financial Other liabilities.

Automotive

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility, which includes a letter of credit sub-facility of up to $500 million. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property, trademarks and direct investments in Ally Financial. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial, our investment in New Delphi and our equity interests in our China JVs and in GM Daewoo.

Depending on certain terms and conditions in the secured revolving credit facility, including compliance with the borrowing base requirements and certain other covenants, we will be able to add one or more *pari passu* first lien loan facilities. We will also have the ability to secure up to $2.0 billion of certain non-loan obligations that we may designate from time to time as additional *pari passu* first lien obligations. Second-lien debt is generally allowed but second lien debt maturing prior to the final maturity date of the secured revolving credit facility is limited to $3.0 billion in outstanding obligations.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

The secured revolving credit facility contains representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting us and our subsidiary guarantors from incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. The secured revolving credit facility contains minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Events of default under the secured revolving credit facility include events of default customary for facilities of this nature (including customary notice and/or grace periods, as applicable) such as:

- The failure to pay principal at the stated maturity, interest or any other amounts owed under the secured revolving credit agreement or related documents;
- The failure of certain of our representations or warranties to be correct in all material respects;
- The failure to perform any term, covenant or agreement in the secured revolving credit agreement or related documents;
- The existence of certain judgments that are not vacated, discharged, stayed or bonded;
- Certain cross defaults or cross accelerations with certain other debt;
- Certain defaults under the Employee Retirement Income Security Act of 1974, as amended (ERISA);
- A change of control;
- Certain bankruptcy events; and
- The invalidation of the guarantees.

While the occurrence and continuance of an event of default will restrict our ability to borrow under the secured revolving credit facility, the lenders will not be permitted to exercise rights or remedies against the collateral unless the obligations under the secured revolving credit facility have been accelerated.

We incurred up-front fees, arrangement fees, and will incur ongoing commitment and other fees customary for a facility of this nature.

UST Loans and UST Loan Agreement

Old GM received total proceeds of $19.8 billion ($15.8 billion subsequent to January 1, 2009, including $361 million under the U.S. government sponsored warranty program) from the UST under the UST Loan Agreement entered into on December 31, 2008. In connection with the Chapter 11 Proceedings, Old GM obtained additional funding of $33.3 billion from the UST and EDC under its DIP Facility. From these proceeds, there was no deposit remaining in escrow at December 31, 2010.

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial repayment due to the termination of the U.S. government sponsored warranty program, reducing the UST Loans principal balance to $6.7 billion. In

March 2010 and December 2009 we made quarterly payments of $1.0 billion on the UST Loans. In April 2010 we repaid the full outstanding amount of $4.7 billion using funds from our escrow account.

While we have repaid the UST Loans in full, certain of the covenants in the UST Credit Agreement and the executive compensation and corporate governance provisions of Section 111 of the Emergency Stabilization Act of 2008, as amended, including the Interim Final Rule implementing Section 111 (the Interim Final Rule), remain in effect until the earlier to occur of the UST ceasing to own direct or indirect equity interests in us or our ceasing to be a recipient of Exceptional Financial Assistance, as determined pursuant to the Interim Final Rule, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The following table summarizes interest expense and interest paid on the UST Loans, the loans under the UST Loan Agreement (UST Loan Facility) and the DIP Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$117	$226	$4,006
Interest paid	$206	$137	$ 144

(a) UST Loans.

(b) UST Loan Facility and the DIP Facility.

VEBA Notes

In connection with the 363 Sale, we entered into the VEBA Note Agreement and issued VEBA Notes of $2.5 billion to the New VEBA. The VEBA Notes had an implied interest rate of 9.0% per annum. The VEBA Notes and accrued interest were contractually scheduled to be repaid in three equal installments of $1.4 billion on July 15 of 2013, 2015 and 2017.

The obligations under the VEBA Note Agreement were secured by substantially all of our U.S. assets, subject to certain exceptions, including our equity interests in certain of our foreign subsidiaries, limited in most cases to 65% of the equity interests of the pledged foreign subsidiaries due to tax considerations.

In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion, which resulted in a gain of $198 million included in Gain (loss) on extinguishment of debt.

The following table summarizes interest expense on the VEBA Notes (dollars in millions):

	Successor
	Year Ended December 31, 2010
Interest expense	$166

Canadian Loan Agreement and EDC Loan Facility

On July 10, 2009 we entered into the Canadian Loan Agreement and assumed a CAD $1.5 billion (equivalent to $1.3 billion when entered into) term loan maturing on July 10, 2015. In March 2010 and December 2009 we made quarterly payments of $194 million and $192 million on the Canadian Loan. In April 2010 GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion.

The following table summarizes interest expense and interest paid on the Canadian Loan and the EDC Loan Facility (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (a)	January 1, 2009 Through July 9, 2009 (b)
Interest expense	$26	$46	$173
Interest paid	$26	$46	$ 6

(a) Canadian Loan.

(b) EDC Loan Facility.

GM Daewoo Revolving Credit Facility

GM Daewoo's revolving credit facility was a Korean Won denominated facility secured by substantially all of GM Daewoo's property, plants, and equipment. Amounts borrowed under this facility accrued interest based on the Korean Won denominated 91-day certificate of deposit rate. The facility was used by GM Daewoo for general corporate purposes, including working capital needs. During 2010 GM Daewoo repaid in full its KRW 1.4 trillion (equivalent of $1.2 billion at the time of payment) revolving credit facility.

German Revolving Bridge Facility

In May 2009 Old GM entered into a revolving bridge facility with the German government and certain German states (German Facility) with a total commitment of up to Euro 1.5 billion (equivalent to $2.1 billion when entered into). In November 2009 the debt was paid in full and extinguished.

The following table summarizes interest expense and interest paid on the German Facility, including amortization of related discounts (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest expense	$32	$ 5
Interest paid	$37	$—

Other Long-Term Debt

	Successor	
	December 31, 2010	December 31, 2009
Unsecured debt	$1,985	$1,228
Secured debt	868	1,540
Capital leases	654	693
Total other long-term debt (a)	$3,507	$3,461
Weighted-average coupon rate	2.7%	5.8%

(a) Net of a $1.9 billion and $1.6 billion discount at December 31, 2010 and 2009.

Technical Defaults and Covenant Violations

Several of our loan facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2010.

Automotive Financing

Credit Facilities

The following table summarizes details regarding terms and availability of GM Financial's credit facilities at December 31, 2010 (in millions):

	Facility Amount	Advances Outstanding	Finance Receivables Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$1,300	$278	$409	$ 8
Medium-term note facility (c)		490	539	95
Bank funding facilities (d)		64	—	—
		$832	$948	$103

(a) These amounts do not include cash collected on finance receivables pledged of $28 million which is included in GM Financial Restricted cash at December 31, 2010.

(b) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(c) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

(d) The revolving period under this facility has ended and the outstanding balance under the bank funding facilities are secured by asset-backed securities of $65 million.

GM Financial's credit facilities are administered by agents on behalf of institutionally managed commercial paper or medium-term note conduits. Under these funding agreements, GM Financial transfers finance receivables to its special purpose financing trusts. These subsidiaries, in turn, issue notes to the agents, collateralized by such finance receivables and cash. The agents provide funding under the notes to the subsidiaries pursuant to an advance formula, and the subsidiaries forward the funds to GM Financial in consideration for the transfer of finance receivables. These subsidiaries are separate legal entities and the finance receivables and other assets held by these subsidiaries are legally owned by these subsidiaries and are not available to GM Financial's creditors or their other subsidiaries. Advances under the funding agreements bear interest at commercial paper, London Interbank Offered Rates (LIBOR) or prime rates plus a credit spread and specified fees depending upon the source of funds provided by the agents.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of its credit facilities. The credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios including portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios, as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict GM Financial's ability to obtain additional borrowings under this facility. At December 31, 2010 GM Financial was in compliance with all covenants in its credit facilities. Refer to Note 15 for additional discussion on GM Financial's restricted cash.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase price premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2010 unamortized purchase price premium of $107 million is included in Securitization notes payable.

The following table summarizes securitization notes payable at December 31, 2010 (dollars in millions):

Transaction	Maturity Dates (a)	Original Note Amounts	Original Weighted Average Interest Rates	Total Receivables Pledged	Note Balance
2006	May 2013 – January 2014	$ 945 -1,350	5.2% - 5.6%	$ 600	$ 537
2007	October 2013 – March 2016	$1,000 -1,500	5.2% - 5.5%	1,715	1,610
2008 (b)	October 2014 – April 2015	$ 500 - 750	6.0% -10.5%	911	501
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	715	494
2010	June 2016 – January 2018	$ 200 - 850	2.2% - 3.8%	3,014	2,683
BV2005 (c)	May 2012 – June 2014	$ 186 - 232	4.6% - 5.1%	27	28
LB2006 (c)	May 2013 – January 2014	$ 450 - 500	5.0% - 5.4%	174	168
				$7,156	$6,021
Purchase accounting premium					107
Total securitization notes payable					$6,128

(a) Maturity date represents final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

(b) Note balance does not include asset-backed securities of $65 million pledged to the bank funding facilities.

(c) Transactions relate to certain special purpose financing trusts acquired by GM Financial.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Securitization Notes Payable Covenants

With respect to GM Financial's securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

Agreements with GM Financial's financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured trust were to exceed these higher levels, provisions of the agreements permit GM Financial's financial guaranty insurance providers to declare the occurrence of an event of default and terminate GM Financial's servicing rights to the receivables transferred to that trust. At December 31, 2010 no such servicing right termination events have occurred with respect to any of the trusts formed by GM Financial.

Senior Notes and Convertible Senior Notes

As a result of the acquisition of AmeriCredit, the holders of the senior notes and the convertible senior notes had the right to require GM Financial to repurchase some or all of their notes as provided in the indentures for such notes. The repurchase dates for any notes tendered to GM Financial pursuant to procedures previously delivered to holders of senior notes and convertible senior notes were December 3, 2010 with respect to the senior notes, and December 10, 2010 with respect to the convertible senior notes. The repurchase price with respect to the senior notes is 101% of the principal amount of the notes plus accrued interest, and the repurchase price with respect to the convertible senior notes is the principal amount of the notes plus accrued interest. Pursuant to the terms of the convertible senior notes indentures a payment of $0.69 per $1,000 of principal amount of the convertible senior notes due in 2011 and $0.81 per $1,000 of principal amount of the convertible senior notes due in 2013 was made to those who elected to convert as a result of the acquisition. During the three months ended December 31, 2010 GM Financial repurchased convertible senior notes of $461 million and senior notes of $2 million.

Long-Term Debt Maturities

Consolidated

The following table summarizes long-term debt maturities including capital leases (dollars in millions):

	At December 31,		
	Automotive	Automotive Financing (a)	Total
2011	$ 493	$3,495	$ 3,988
2012	752	1,998	2,750
2013	400	660	1,060
2014	132	423	555
2015	128	343	471
Thereafter	3,506	—	3,506
	$5,411	$6,919	$12,330

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes and convertible senior notes principal amounts are based on maturity.

At December 31, 2010 future interest payments on automotive capital lease obligations was $564 million. GM Financial does not have capital lease obligations at December 31, 2010.

Old GM

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. Because the terms of the amended U.S. term loan were substantially different than the original terms, primarily due to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the period January 1, 2009 through July 9, 2009.

In connection with the Chapter 11 Proceedings, Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt primarily due to the face value of the U.S. term loan exceeding the carrying amount.

Contractual interest expense not accrued or recorded on pre-petition debt was $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Contingent Convertible Debt

Old GM adopted the provisions of ASC 470-20, "Debt with Conversion and Other Options" (ASC 470-20) in January 2009, with retrospective application to prior periods. At July 9, 2009 Old GM's contingent convertible debt outstanding was $7.4 billion, comprised of principal of $7.9 billion and unamortized discounts of $551 million. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. In connection with the 363 Sale, MLC retained the contingent convertible debt.

The following table summarizes the components of Interest expense related to contingent convertible debt (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest accrued or paid (a)	$176	$427
Amortization of discounts	51	136
Interest expense	$227	$563

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

Note 20. Pensions and Other Postretirement Benefits

Consolidated

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trades hourly U.S. employees hired after October 15, 2007 participate in a defined benefit cash balance plan. In September 2010 the U.S. hourly defined benefit pension plan was amended to create a legally separate new defined benefit pension plan for the participants who are covered by the cash balance benefit formula. The underlying benefits offered to plan participants were unchanged. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007, and it is based on an "excess plan" for service after that date.

Defined Contribution Plans

The Savings-Stock Purchase Plan (S-SPP) is a defined contribution retirement savings plan for eligible U.S. salaried employees. The S-SPP provides discretionary matching contributions up to certain predefined limits based upon eligible base salary. The matching contribution for the S-SPP was suspended by Old GM in November 2008, and we reinstated the matching contribution for the S-SPP in October 2009. The contribution equal to 1.0% of eligible base salary for U.S. salaried employees with a service commencement date on or after January 1, 1993 was discontinued effective on January 1, 2010. For eligible U.S. salaried employees with a service commencement date on or after January 1, 2001 a retirement contribution to the S-SPP equal to 4.0% of eligible base salary is provided. Contributions are also made to certain non-U.S. defined contribution plans. Certain U.S. hourly employees are not eligible for postretirement healthcare. Such employees receive a $1.00 per compensated hour contribution into their Personal Saving Plan account.

The following table summarizes contributions to defined contribution plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total contributions	$241	$100	$70	$297

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

Significant Plan Amendments, Benefit Modifications and Related Events

Remeasurements

Significant interim remeasurements are included in the change in benefit obligation for the year ended December 31, 2010. There were no significant remeasurements, curtailments or settlements as a result of changes to the underlying benefits offered to the plan participants.

Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act was signed into law in March 2010 and contains provisions that require all future reimbursement receipts under the Medicare Part D retiree drug subsidy program to be included in taxable income. This taxable income inclusion will not significantly affect us because effective January 1, 2010 we no longer provide prescription drug coverage to post-age 65 Medicare-eligible participants and we have a full valuation allowance against our net deferred tax assets in the U.S. We have assessed the other provisions of this new law, based on information known at this time and we have included the effect, which is not significant, in our benefit obligations at December 31, 2010.

Expected Contributions

In January 2011 we completed the previously announced voluntary contribution of 61 million shares of our common stock to our U.S. hourly and salaried pension plans, valued at approximately $2.2 billion for funding purposes. This was a voluntary contribution that is above our minimum funding requirements of the pension plans. The contributed shares qualify as a plan asset for funding purposes immediately, and will qualify as a plan asset for accounting purposes when certain transfer restrictions are removed, which is expected in 2011. We are evaluating whether we will make additional voluntary contributions to our U.S. pension plans in 2011. We expect to contribute $95 million to our U.S. non-qualified pension plans and $740 million to our non-U.S. pension plans in 2011.

The following tables summarize the significant defined benefit plan interim remeasurements, the related changes in accumulated postretirement benefit obligations (APBO), projected benefit obligations (PBO) and the associated curtailments, settlements and termination benefits recorded in our earnings in the period July 10, 2009 through December 31, 2009 and the period January 1, 2009 through July 9, 2009, which are subsequently discussed (dollars in millions):

		Successor					
		July 10, 2009 Through December 31, 2009					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs (b)	U.S. hourly defined benefit pension plan	—	—	$ 58	$—	$ —	$ (58)
Global salaried workforce reductions (b)	U.S. salaried defined benefit pension plan	—	—	175	—	—	(175)
2009 UAW Retiree Settlement Agreement — December	UAW hourly retiree medical plan	—	—	(22,654)	—	(2,571)	—
IUE-CWA and USW Settlement Agreement — November (c)	U.S. hourly defined benefit pension plan	5.58%	5.26%	1,897	—	—	—
	Non-UAW hourly retiree healthcare plan	6.21%	5.00%	360	—	—	—
	U.S. hourly life plan	5.41%	5.56%	53	—	—	—
Delphi Benefit Guarantee Agreements — August (c)	U.S. hourly defined benefit pension plan	5.83%	5.58%	2,548	—	—	—
Total				$(17,563)	$—	$(2,571)	$(233)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost and benefit payments. Excludes effect of asset returns that are higher or lower than expected.

(b) Reflects the effect on PBO. There was no remeasurement.

(c) Includes reclassification of contingent liability to benefit plan obligation.

		Predecessor					
		January 1, 2009 Through July 9, 2009					
		Change in Discount Rate		Increase (Decrease) Since the Most Recent Remeasurement Date (a)	Gain (Loss)		
Event and Remeasurement Date When Applicable	Affected Plans	From	To	PBO/APBO	Curtailments	Settlements	Termination Benefits and Other
2009 Special Attrition Programs — June	U.S. hourly defined benefit pension plan	6.15%	6.25%	$ 7	$(1,390)	$—	$(12)
Global salaried workforce reductions — June	U.S. salaried defined benefit pension plan			24	(327)	—	—
U.S. salaried benefits changes — February	U.S. salaried retiree life insurance plan	7.25%	7.15%	(420)	—	—	—
U.S. salaried benefits changes — June	U.S. salaried retiree healthcare program			(265)	—	—	—
2009 CAW Agreement — June	Canadian hourly defined benefit pension plan	6.75%	5.65%	340	—	—	(26)
2009 CAW Agreement — June	CAW hourly retiree healthcare plan and CAW retiree life plan	7.00%	5.80%	(143)	93	—	—
Total				$(457)	$(1,624)	$—	$(38)

(a) The increase (decrease) includes effect of the event, gain or loss from remeasurement, net periodic benefit cost, benefit payments and effect of foreign currency translation. Excludes effect of asset returns that are higher or lower than expected.

During 2009 we and Old GM implemented various programs which reduced the hourly and salary workforce. Significant workforce reductions, settlements of pre-bankruptcy claims with various represented employee groups and plan amendments resulted in plan remeasurements as follows:

- Special attrition programs resulted in a reduction in the hourly workforce;
- Global salaried workforce actions reduced employment;
- The Delphi Benefit Guarantee Agreements were affected by the settlement of the PBGC claims from the termination of the hourly Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements; and
- U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 we and the UAW agreed to a 2009 UAW Retiree Settlement Agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the settlement agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009. All obligations of ours and any other entity or benefit plan of ours for retiree medical benefits for the class and the covered group arising from any agreement between us and the UAW terminated at December 31, 2009. Our obligations to the new healthcare plan and the New VEBA are limited to the terms of the settlement agreement.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan and Mitigation Plan as a settlement. The resulting settlement loss of $2.6 billion recorded on December 31, 2009 represented the difference between the sum of the accrued OPEB liability of $10.6 billion and the existing internal VEBA assets of $12.6 billion, and $25.8 billion representing the fair value of the consideration transferred on December 31, 2009, including the contribution of the existing internal VEBA assets. Upon the settlement of the UAW hourly retiree medical plan at December 31, 2009 the VEBA Notes, Series A Preferred Stock, common stock, and warrants contributed to the New VEBA were recorded at fair value and classified as outstanding debt and equity instruments.

Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the settlement agreement with the UAW. As a result, $105 million of the $146 million of dividends paid on September 15, 2009 and $147 million of the $203 million of dividends paid on December 15, 2009 were recorded as employer contributions resulting in a reduction of Postretirement benefits other than pensions.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the PBO or APBO of the benefit plan.

2009 CAW Agreement

In March 2009 Old GM announced that the members of the CAW had ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

In June 2009 GMCL and the CAW agreed to the terms of an independent HCT to provide retiree healthcare benefits to certain active and retired employees and it will be implemented when certain preconditions are achieved. Certain of the preconditions have not been achieved and the HCT is not yet implemented at December 31, 2010. GMCL is obligated to make a payment of CAD $1.0 billion on the HCT implementation date which it will fund out of its CAD $1.0 billion escrow funds, adjusted for the net difference between the amount of retiree monthly contributions received during the period January 1, 2010 through the HCT implementation date less the cost of benefits paid for claims incurred by covered employees during this period. GMCL will provide a CAD $800 million note payable to the HCT on the HCT implementation date which will accrue interest at an annual rate of 7.0% with five equal annual installments of CAD $256 million due December 31 of 2014 through 2018. Concurrent with the implementation of the HCT,

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

GMCL will be legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW active and retired employees bound by the class action process, and we will account for the related termination of CAW hourly retiree healthcare benefits as a settlement, based upon the difference between the fair value of the notes and cash contributed and the healthcare plan obligation at the settlement date. As a result of the conditions precedent to this agreement not having yet been achieved, there was no accounting recognition for the healthcare trust at December 31, 2010.

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$101,571	$24,374	$ 5,788	$ 3,797
Service cost	451	386	21	32
Interest cost	5,275	1,187	288	200
Plan participants' contributions	—	7	53	9
Amendments	2	(5)	3	—
Actuarial losses	5,251	168	255	185
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	189	—	200
Divestitures	(6)	(75)	(2)	—
Curtailments, settlements, and other	—	(22)	1	2
Ending benefit obligation	103,395	24,762	5,667	4,252
Change in plan assets				
Beginning fair value of plan assets	84,500	14,027	31	—
Actual return on plan assets	11,561	1,234	5	—
Employer contributions	4,095	777	651	164
Plan participants' contributions	—	7	53	9
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	505	—	—
Divestitures	—	(59)	—	—
Settlements	—	(174)	—	—
Other	—	33	—	—
Ending fair value of plan assets	91,007	14,903	—	—
Ending funded status	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 72	$ —	$ —
Current liability	(93)	(332)	(440)	(185)
Non-current liability	(12,295)	(9,599)	(5,227)	(4,067)
Net amount recorded	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,609	$ (701)	$ (460)	$ (259)
Net prior service credit	10	12	—	85
Total recorded in Accumulated other comprehensive income (loss)	$ 3,619	$ (689)	$ (460)	$ (174)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,012	$ 21,392	$ 27,639	$ 3,420
Service cost	216	157	62	17
Interest cost	2,578	602	886	94
Plan participants' contributions	—	4	172	—
Amendments	(13)	(9)	1	(89)
Actuarial (gains) losses	3,102	1,592	1,732	64
Benefits paid	(3,938)	(714)	(1,700)	(70)
Medicare Part D receipts	—	—	84	—
IUE-CWA & USW related liability transfer	—	—	514	—
Foreign currency translation adjustments	—	1,469	—	376
Delphi benefit guarantee and other	1,365	—	—	—
UAW retiree medical plan settlement	—	—	(25,822)	—
Curtailments, settlements, and other (a)	249	(119)	2,220	(15)
Ending benefit obligation	101,571	24,374	5,788	3,797
Change in plan assets				
Beginning fair value of plan assets	78,493	8,616	10,702	—
Actual return on plan assets	9,914	1,201	1,909	—
Employer contributions	31	4,287	1,528	70
Plan participants' contributions	—	4	172	—
Benefits paid	(3,938)	(714)	(1,700)	(70)
UAW hourly retiree medical plan asset settlement	—	—	(12,586)	—
Foreign currency translation adjustments	—	765	—	—
Other	—	(132)	6	—
Ending fair value of plan assets	84,500	14,027	31	—
Ending funded status	$ (17,071)	$(10,347)	$ (5,757)	$(3,797)
Amounts recorded in the consolidated balance sheet				
Non-current asset	$ —	$ 98	$ —	$ —
Current liability	(93)	(337)	(685)	(161)
Non-current liability	(16,978)	(10,108)	(5,072)	(3,636)
Net amount recorded	$ (17,071)	$(10,347)	$ (5,757)	$(3,797)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,803	$ (833)	$ (212)	$ (65)
Net prior service credit	13	9	1	89
Total recorded in Accumulated other comprehensive income (loss)	$ 3,816	$ (824)	$ (211)	$ 24

(a) U.S. other benefits includes the $2.6 billion settlement loss resulting from the termination of the UAW hourly retiree medical plan and Mitigation Plan.

	Predecessor			
	January 1, 2009 Through July 9, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$ 98,135	$ 19,995	$ 39,960	$ 2,930
Service cost	243	155	69	12
Interest cost	3,077	596	1,615	102
Plan participants' contributions	—	8	169	—
Amendments	(8)	(584)	(705)	(482)
Actuarial (gains) losses	(260)	959	77	436
Benefits paid	(5,319)	(769)	(2,115)	(90)
Medicare Part D receipts	—	—	150	—
Foreign currency translation adjustments	—	856	—	159
Curtailments, settlements, and other	1,559	(76)	8	(15)
Ending benefit obligation	97,427	21,140	39,228	3,052
Effect of application of fresh-start reporting	585	252	(11,589)	368
Ending benefit obligation including effect of application of fresh-start reporting	98,012	21,392	27,639	3,420
Change in plan assets				
Beginning fair value of plan assets	84,545	8,086	9,969	—
Actual return on plan assets	(203)	227	444	—
Employer contributions	57	529	1,947	90
Plan participants' contributions	—	8	169	—
Benefits paid	(5,319)	(769)	(2,115)	(90)
Foreign currency translation adjustments	—	516	—	—
Other	41	(197)	(10)	—
Ending fair value of plan assets	79,121	8,400	10,404	—
Effect of application of fresh-start reporting	(628)	216	298	—
Ending fair value of plan assets including effect of application of fresh-start reporting	78,493	8,616	10,702	—
Ending funded status	(18,306)	(12,740)	(28,824)	(3,052)
Effect of application of fresh-start reporting	(1,213)	(36)	11,887	(368)
Ending funded status including effect of application of fresh-start reporting	$(19,519)	$(12,776)	$(16,937)	$(3,420)
Amounts recorded in the consolidated balance sheet				
Non-current assets	$ —	$ 97	$ —	$ —
Current liability	(74)	(339)	(1,809)	(147)
Non-current liability	(19,445)	(12,534)	(15,128)	(3,273)
Net amount recorded	$(19,519)	$(12,776)	$(16,937)	$(3,420)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial loss	$(38,007)	$ (7,387)	$ (1,631)	$(1,005)
Net prior service credit (cost)	(1,644)	754	5,028	860
Transition obligation	—	(7)	—	—
Total recorded in Accumulated other comprehensive income (loss)	(39,651)	(6,640)	3,397	(145)
Effect of application of fresh-start reporting	39,651	6,640	(3,397)	145
Total recorded in Accumulated other comprehensive income (loss)	$ —	$ —	$ —	$ —

In the year ended December 31, 2010 we experienced actual return on plan assets on our U.S. pension plan assets of $11.6 billion compared to expected returns of $6.6 billion that were recognized as a component of our net pension expense. As a result of the U.S. hourly defined benefit pension plan interim remeasurement, a portion of the effect of the actual plan asset gains was recognized in the market-related value of plan assets during the remainder of the period subsequent to the interim remeasurement. The market related value of plan assets used in the calculation of expected return on pension plan assets at December 31, 2010 is $4.1 billion lower than the actual fair value of plan assets for U.S. pension plans and $319 million lower than the actual fair value of plan assets for non-U.S. pension plans. Therefore, the effect of the improvement in the financial markets will not be fully reflected in net pension expense in the year ending December 31, 2011. Refer to Note 4 for additional information on our use of the market-related value of plan assets accounting policy.

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the PBO and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$103,110	$24,371	$101,397	$23,615
Plans with ABO in excess of plan assets				
ABO	$103,090	$23,519	$101,397	$22,708
Fair value of plan assets	$ 90,983	$13,959	$ 84,500	$12,721
Plans with PBO in excess of plan assets				
PBO	$103,375	$24,350	$101,571	$23,453
Fair value of plan assets	$ 90,983	$14,419	$ 84,500	$13,008

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognition of net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense for the year ended December 31 (b)				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	—
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $97 million.

(b) Determined at the beginning of the period and updated for remeasurements.

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost (a)	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations at December 31				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense for the year ended December 31(b)				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	—
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

(a) U.S. pension plan service cost includes plan administrative expenses of $38 million.

(b) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor							
	U.S. Plans Pension Benefits		Non-U.S. Plans Pension Benefits		U.S. Plans Other Benefits		Non-U.S. Plans Other Benefits	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Components of expense								
Service cost	$ 243	$ 527	$ 155	$ 410	$ 69	$ 241	$ 12	$ 32
Interest cost	3,077	5,493	596	1,269	1,615	3,519	102	225
Expected return on plan assets	(3,810)	(8,043)	(364)	(969)	(444)	(1,281)	—	—
Amortization of prior service cost (credit)	429	1,077	(12)	407	(1,051)	(1,918)	(63)	(86)
Amortization of transition obligation	—	—	2	6	—	—	—	—
Recognized net actuarial loss	715	317	193	275	32	508	23	110
Curtailments, settlements, and other losses (gains)	1,720	3,823	97	270	21	(3,476)	(123)	11
Net periodic pension and OPEB (income) expense	$ 2,374	$ 3,194	$ 667	$ 1,668	$ 242	$(2,407)	$ (49)	$ 292
Weighted-average assumptions used to determine benefit obligations at period end								
Discount rate	5.86%	6.27%	5.82%	6.22%	6.86%	8.25%	5.47%	7.00%
Rate of compensation increase	3.94%	5.00%	3.23%	3.59%	1.48%	2.10%	4.45%	4.45%
Weighted-average assumptions used to determine net expense for the period (a)								
Discount rate	6.27%	6.56%	6.23%	5.77%	8.11%	7.02%	6.77%	5.90%
Expected return on plan assets	8.50%	8.50%	7.74%	7.78%	8.50%	8.40%	—	—
Rate of compensation increase	5.00%	5.00%	3.08%	3.59%	1.87%	3.30%	4.45%	4.00%

(a) Determined at the beginning of the period and updated for remeasurements. Appropriate discount rates were used to measure the effects of curtailments and plan amendments on various plans.

Assumptions

Healthcare Trend Rate

As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans.

	Successor	
	December 31, 2010	December 31, 2009
Assumed Healthcare Trend Rates	Non-U.S. Plans(a)	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%	5.4%
Ultimate healthcare cost trend rate	3.4%	3.3%
Number of years to ultimate trend rate	8	8

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates (dollars in millions):

	Successor	
	Non-U.S. Plans (a)	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	+$31	+$491
One percentage point decrease	-$25	-$392

(a) The implementation of the HCT in Canada is anticipated and will significantly reduce our exposure to changes in the healthcare cost trend rate.

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the U.S. and non-U.S. pension plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among certain U.S. and non-U.S. pension plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

In setting a new strategic asset mix, consideration is given to the likelihood that the selected mix will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mix for U.S. defined benefit pension plans is intended to reduce exposure to equity market risks, to utilize asset classes which reduce volatility and to utilize asset classes where active management has historically generated above market returns.

In December 2010 an analysis of the investment policy was completed for the U.S. pension plans which reduced the expected return on assets to 8.0% from 8.5% at December 31, 2009. The decrease in expected return on assets is primarily related to lower bond yields and updated assumptions for equities and equity-like asset classes. This analysis included a study of capital market assumptions and the selection of a policy portfolio that is optimal in the context of the plans' fiduciaries objectives. The selected portfolio is composed of a number of asset classes with favorable return characteristics including: a significant allocation to debt securities with credit exposure, some of which have expected returns that are similar to that of equities, significant exposures to private market securities (equity, debt, and real estate) and absolute return strategies (i.e., hedge fund strategies with low exposure to market risks). The expected long-term rate of return assumption is enhanced by these diversified strategies and is consistent with the long-term historical return for the U.S. plans.

The expected return on plan asset assumptions used in determining pension expense for non-U.S. pension plans is determined in a similar manner to the U.S. plans, and the rate of 7.42% for the year ended December 31, 2010 is a weighted-average of all of the funded non-U.S. plans.

Target Allocation Percentages

Minor changes were made to the U.S. target allocation percentages by asset category as a result of the asset and liability study that was approved in December 2010.

An asset and liability study conducted of the Canadian plans' target allocation percentages was approved by GMCL's Board of Directors and became effective in July 2010. Significant changes were made to the target allocation percentages by asset category as a result of this study. The study was generated following a contribution to the Canadian plans in September 2009 of CAD $4.0 billion which improved the funded position. A less aggressive asset mix was implemented to preserve this position by shifting the target allocation away from return seeking equity type assets toward a liability hedging strategy that utilizes more fixed income assets.

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	Successor			
	December 31, 2010		December 31, 2009	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity securities	29.0%	36.0%	28.0%	64.0%
Debt securities	41.0%	48.0%	42.0%	24.0%
Real estate	8.0%	9.0%	9.0%	9.0%
Other (a)	22.0%	7.0%	21.0%	3.0%
Total	100.0%	100.0%	100.0%	100.0%

(a) Includes private equity and absolute return strategies.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Pension Plan Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2010				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2010				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ —	$ 620	$ —	$ 620	$ 620
Common and preferred stocks	—	—	—	—	2,781	13	—	2,794	2,794
Government and agency debt securities (a)	—	—	—	—	—	3,410	4	3,414	3,414
Corporate debt securities (b)	—	—	—	—	—	1,964	41	2,005	2,005
Agency mortgage and asset-backed securities	—	—	—	—	—	44	—	44	44
Non-agency mortgage and asset-backed securities	—	—	—	—	—	86	—	86	86
Private equity and debt investments	—	—	—	—	—	—	169	169	169
Real estate assets	—	—	—	—	—	—	926	926	926
Derivatives	—	—	—	—	—	75	—	75	75
Total direct investments	—	—	—	—	2,781	6,212	1,140	10,133	10,133
Investment funds									
Cash equivalent funds	—	—	—	—	—	97	—	97	97
Equity funds	—	12,395	—	12,395	2	2,001	200	2,203	14,598
Fixed income funds	—	9,339	—	9,339	—	1,085	—	1,085	10,424
Multi-strategy funds	—	2,544	—	2,544	—	34	—	34	2,578
Real estate funds	—	—	—	—	11	39	337	387	387
Other investment funds (c)	—	—	—	—	—	—	432	432	432
Total investment funds	—	24,278	—	24,278	13	3,256	969	4,238	28,516
Other	—	—	—	—	—	104	281	385	385
Total assets before Investment Trusts	—	24,278	—	24,278	2,794	9,572	2,390	14,756	39,034
Liabilities									
Derivatives	—	—	—	—	—	(52)	—	(52)	(52)
Total liabilities before Investment Trusts	—	—	—	—	—	(52)	—	(52)	(52)
Net assets before Investment Trusts	$ —	$24,278	$ —	24,278	$2,794	$9,520	$2,390	14,704	38,982
Investment Trusts (d)				66,918				—	66,918
Total net assets and Investment Trusts				91,196				14,704	105,900
Other plan assets and liabilities (e)				(189)				199	10
Net plan assets				$91,007				$14,903	$105,910

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor								
	Fair Value Measurements of U.S. Plan Assets at December 31, 2009				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2009				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Direct investments									
Cash equivalents and other short-term investments	$ —	$ —	$ —	$ —	$ 137	$ 463	$ —	$ 600	$ 600
Common and preferred stocks	—	—	—	—	3,002	56	—	3,058	3,058
Government and agency debt securities (a)	—	—	—	—	93	4,136	65	4,294	4,294
Corporate debt securities (b)	—	—	—	—	2	483	109	594	594
Agency mortgage and asset-backed securities	—	—	—	—	—	62	7	69	69
Non-agency mortgage and asset-backed securities	—	—	—	—	—	42	16	58	58
Private equity and debt investments	—	—	—	—	—	—	110	110	110
Real estate assets	—	—	—	—	14	—	825	839	839
Derivatives	—	—	—	—	—	66	—	66	66
Total direct investments	—	—	—	—	3,248	5,308	1,132	9,688	9,688
Investment funds									
Cash equivalent funds	—	—	—	—	19	4	—	23	23
Equity funds	—	14,495	—	14,495	1	2,575	75	2,651	17,146
Fixed income funds	—	9,643	4,221	13,864	—	1,012	—	1,012	14,876
Multi-strategy funds	—	2,337	—	2,337	—	18	—	18	2,355
Real estate funds	—	916	—	916	—	35	217	252	1,168
Other investment funds (c)	—	—	—	—	—	8	95	103	103
Total investment funds	—	27,391	4,221	31,612	20	3,652	387	4,059	35,671
Other	—	—	—	—	—	206	—	206	206
Total assets before Investment Trusts	—	27,391	4,221	31,612	3,268	9,166	1,519	13,953	45,565
Liabilities									
Derivatives	—	—	—	—	—	(43)	—	(43)	(43)
Total liabilities before Investment Trusts	—	—	—	—	—	(43)	—	(43)	(43)
Net assets before Investment Trusts	$ —	$27,391	$4,221	31,612	$3,268	$9,123	$1,519	13,910	45,522
Investment Trusts (d)				53,043				—	53,043
Total net assets and Investment Trusts				84,655				13,910	98,565
Other plan assets and liabilities (e)				(155)				117	(38)
Net plan assets				$84,500				$14,027	$98,527

(a) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(b) Includes bank debt obligations.

(c) Primarily investments in alternative investment funds.

(d) Refer to the subsequent discussion of Investment Trusts for the leveling of the underlying assets of the Investment Trusts.

(e) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following table summarizes the fair value of derivative assets and liabilities owned by the non-U.S. plans by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Foreign currency contracts	$ 56	$ 66
Equity contracts	19	—
Total derivative assets	75	66
Derivative liabilities		
Foreign currency contracts	(45)	(43)
Equity contracts	(7)	—
Total derivative liabilities	(52)	(43)
Total net derivative assets	$ 23	$ 23

The following tables summarize the activity for U.S. plan assets classified in Level 3, other than assets held in Investment Trusts (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Fixed income funds	$4,221	$—	$—	$—	$(4,221)	$—

	Successor					
	July 10 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Fixed income funds	$5,488	$910	$158	$(2,335)	$—	$4,221

	Predecessor					
	January 1 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Fixed income funds	$4,508	$998	$ 7	$ (25)	$—	$5,488

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Successor						
	Year Ended December 31, 2010						
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2010
Direct investments							
Government and agency debt securities	$ 65	$ 1	$ (3)	$ (13)	$ (46)	$ —	$ 4
Corporate debt securities	109	2	—	(35)	(38)	3	41
Agency mortgage and asset- backed securities	7	—	—	—	(7)	—	—
Non-agency mortgage and asset-backed securities	16	10	(11)	(5)	(10)	—	—
Private equity and debt investments	110	15	—	36	—	8	169
Real estate assets	825	29	1	22	7	42	926
Total direct investments	1,132	57	(13)	5	(94)	53	1,140
Investment funds							
Equity funds	75	30	2	(72)	155	10	200
Real estate funds	217	28	(1)	101	—	(8)	337
Other investment funds	95	44	—	68	212	13	432
Total investment funds	387	102	1	97	367	15	969
Other investments	—	17	—	(9)	253	20	281
Total non-U.S. plan assets	$1,519	$176	$(12)	$ 93	$526	$ 88	$2,390

	Successor						
	July 10, 2009 Through December 31, 2009						
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at December 31, 2009
Direct investments							
Government and agency debt securities	$ 8	$ (1)	$ —	$ 60	$ (3)	$ 1	$ 65
Corporate debt securities	17	6	1	37	43	5	109
Agency mortgage and asset-backed securities	6	—	—	—	1	—	7
Non-agency mortgage and asset-backed securities	10	19	(6)	(11)	3	1	16
Private equity and debt investments	149	(1)	—	(52)	—	14	110
Real estate assets	785	(52)	—	11	—	81	825
Total direct investments	975	(29)	(5)	45	44	102	1,132
Investment funds							
Equity funds	27	12	(9)	43	(2)	4	75
Real estate funds	199	25	(2)	(4)	—	(1)	217
Other investment funds	107	3	1	(16)	—	—	95
Total investment funds	333	40	(10)	23	(2)	3	387
Total non-U.S. plan assets	$1,308	$ 11	$(15)	$ 68	$ 42	$105	$1,519

	Predecessor						
	January 1, 2009 Through July 9, 2009						
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Exchange Rate Movements	Balance at July 9, 2009
Direct investments							
Government and agency debt securities	$ —	$ —	$—	$ 4	$ 4	$—	$ 8
Corporate debt securities	16	—	2	(2)	—	1	17
Agency mortgage and asset-backed securities	6	—	—	—	—	—	6
Non-agency mortgage and asset-backed securities	1	(3)	—	(2)	14	—	10
Private equity and debt investments	163	(33)	—	11	—	8	149
Real estate assets	831	(99)	—	12	—	41	785
Total direct investments	1,017	(135)	2	23	18	50	975
Investment funds							
Equity funds	33	2	(1)	10	(19)	2	27
Real estate funds	206	(21)	(3)	(3)	—	20	199
Other investment funds	94	2	—	1	—	10	107
Total investment funds	333	(17)	(4)	8	(19)	32	333
Total non-U.S. plan assets	$1,350	$(152)	$ (2)	$31	$ (1)	$82	$1,308

Transfers In and/or Out of Level 3

In the year ended December 31, 2010, fixed income funds of $4.2 billion within the U.S. plan assets were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the plans to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

There were no significant transfers in and/or out of Level 3 within the non-U.S. plan assets.

Fund Investment Strategies

Cash equivalent funds asset class includes funds that primarily invest in short-term, high quality securities including U.S. government securities, U.S. dollar-denominated obligations of U.S. and foreign depository institutions, commercial paper, corporate bonds and asset-backed securities.

Equity funds asset class includes funds that primarily invest in U.S. equities as well as equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative, and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds asset class includes investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds primarily invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds primarily invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade by one or more nationally recognized rating agencies, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds typically invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds asset class includes funds that primarily invest in a portfolio of alternative investment funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of alternative investment funds and/or investment managers.

Global macro funds asset class includes funds that primarily enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies, and physical commodities markets while minimizing downside risk. Global macro managers employ a global approach and may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds asset class includes funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks), and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Real estate funds asset class includes funds that primarily invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category typically employ single strategies such as event-driven or relative value.

Investment Trusts

A significant portion of the U.S. hourly and salaried pension plan assets are invested through a series of group trusts (Investment Trusts) which permit the commingling of assets from more than one employer. The group trust structure permitted the formation of a series of group trust investment accounts. Each group trust has a beneficial interest in the assets of the underlying investment accounts which are invested to achieve an investment strategy based on the desired plan asset targeted allocations. For purposes of fair value measurement, each plan's interests in the group trusts are classified as a plan asset.

A plan's interest in an Investment Trust is determined based on the Investment Trust's beneficial interest in the underlying net assets. Beneficial interests in the individual Investment Trusts owned by the plans were 99.0% and 97.4% on a combined basis at December 31, 2010 and 2009.

The following table summarizes the U.S. plans' interest in certain net assets of the Investment Trusts (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
U.S. pension plans' funded beneficial interest	$66,918	$53,043
OPEB 401(h) plans' funded beneficial interest	—	3
Interests held in trusts by plans of other employers	646	969
Total fair value of underlying assets of Investment Trusts	67,564	54,015
Less:		
Cash	(2,828)	(3,022)
Net non-security (assets) liabilities	126	(323)
Net assets of the Investment Trusts	$64,862	$50,670

The following tables summarize the fair value of the underlying net assets by asset class held by the investment accounts owned by the Investment Trusts (dollars in millions):

	Successor			
	Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2010 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 6,920	$ —	$ 6,920
Common and preferred stocks	6,756	788	64	7,608
Government and agency debt securities (b)	—	5,402	75	5,477
Corporate debt securities (c)	—	8,252	562	8,814
Agency mortgage and asset-backed securities	—	476	—	476
Non-agency mortgage and asset-backed securities	—	1,863	831	2,694
Group annuity contracts	—	—	3,115	3,115
Investment funds				
Equity funds	20	436	382	838
Fixed income funds	48	543	2,287	2,878
Funds of hedge funds	—	516	6,344	6,860
Global macro funds	—	111	4	115
Multi-strategy funds	—	2,080	3,566	5,646
Other investment funds	—	150	188	338
Private equity and debt investments	—	—	8,297	8,297
Real estate assets (d)	1,648	1	5,792	7,441
Derivatives	73	1,407	24	1,504
Total assets	8,545	28,945	31,531	69,021
Liabilities				
Common and preferred stocks (e)	(1,287)	(121)	—	(1,408)
Debt securities (e)	—	—	(2)	(2)
Real estate assets (e)	(41)	—	—	(41)
Derivatives	(184)	(2,441)	(83)	(2,708)
Total liabilities	(1,512)	(2,562)	(85)	(4,159)
Total net assets	$ 7,033	$26,383	$31,446	$64,862

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

	Successor			
	Fair Value Measurements of Investment Trust Underlying Assets at December 31, 2009 (a)			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents and other short-term investments	$ —	$ 5,003	$ —	$ 5,003
Common and preferred stocks	4,614	177	53	4,844
Government and agency debt securities (b)	—	2,866	1,552	4,418
Corporate debt securities (c)	—	4,988	1,764	6,752
Agency mortgage and asset-backed securities	—	394	6	400
Non-agency mortgage and asset-backed securities	—	861	1,525	2,386
Group annuity contracts	—	—	3,301	3,301
Investment funds				
Equity funds	299	226	576	1,101
Fixed income funds	570	960	2,267	3,797
Funds of hedge funds	—	641	4,455	5,096
Global macro funds	95	266	719	1,080
Multi-strategy funds	34	1,170	1,829	3,033
Other investment funds	1	76	459	536
Private equity and debt investments	—	1	7,210	7,211
Real estate assets (d)	325	—	5,209	5,534
Derivatives	170	1,246	320	1,736
Total assets	6,108	18,875	31,245	56,228
Liabilities				
Common and preferred stocks (e)	(2,102)	(8)	(2)	(2,112)
Debt securities (e)	—	(18)	(3)	(21)
Real estate assets (e)	(33)	—	—	(33)
Derivatives	(113)	(3,071)	(208)	(3,392)
Total liabilities	(2,248)	(3,097)	(213)	(5,558)
Total net assets	$ 3,860	$15,778	$31,032	$50,670

(a) Underlying assets are reported at the overall trust level, which includes our plan assets as well as plan assets of non-affiliated plan sponsors.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Includes public real estate investment trusts.

(e) Primarily investments sold short.

The following table summarizes the fair value of derivative assets and liabilities owned by the Investment Trusts by underlying risk (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Derivative assets		
Interest rate contracts	$ 1,251	$ 1,297
Foreign exchange contracts	92	309
Equity contracts	96	36
Credit contracts	65	94
Total derivative assets	1,504	1,736
Derivative liabilities		
Interest rate contracts	(2,294)	(3,206)
Foreign exchange contracts	(146)	(76)
Equity contracts	(243)	(49)
Credit contracts	(25)	(61)
Total derivative liabilities	(2,708)	(3,392)
Total net derivative assets (liabilities)	$(1,204)	$(1,656)

The following tables summarize the activity of the underlying net assets of the Investment Trusts classified in Level 3 (dollars in millions):

	Successor					
	Year Ended December 31, 2010					
	Balance at January 1, 2010	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2010
Assets						
Common and preferred stocks	$ 53	$ 23	$ (20)	$ 4	$ 4	$ 64
Government and agency debt securities	1,552	(8)	17	(163)	(1,323)	75
Corporate debt securities	1,764	56	(5)	(543)	(710)	562
Agency mortgage and asset-backed securities	6	—	—	(1)	(5)	—
Non-agency mortgage and asset-backed securities	1,525	393	(249)	(167)	(671)	831
Group annuity contracts	3,301	(95)	161	(252)	—	3,115
Investment funds						
Equity funds	576	(1)	16	7	(216)	382
Fixed income funds	2,267	136	94	(307)	97	2,287
Funds of hedge funds	4,455	103	325	1,500	(39)	6,344
Global macro funds	719	103	(92)	(614)	(112)	4
Multi-strategy funds	1,829	359	26	1,521	(169)	3,566
Other investment funds	459	(2)	(29)	(161)	(79)	188
Private equity and debt investments	7,210	578	590	(81)	—	8,297
Real estate assets	5,209	523	57	3	—	5,792
Total assets	30,925	2,168	891	746	(3,223)	31,507
Liabilities						
Common and preferred stocks	(2)	—	—	—	2	—
Debt securities	(3)	—	—	—	1	(2)
Total liabilities	(5)	—	—	—	3	(2)
Derivatives, net	112	(54)	3	(38)	(82)	(59)
Total net assets	$31,032	$2,114	$ 894	$ 708	$(3,302)	$31,446

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Assets						
Common and preferred stocks	$ 17	$ 12	$ (6)	$ 35	$ (5)	$ 53
Government and agency debt securities	29	140	28	66	1,289	1,552
Corporate debt securities	749	173	(6)	615	233	1,764
Agency mortgage and asset-backed securities	3	5	(3)	3	(2)	6
Non-agency mortgage and asset-backed securities	544	455	(162)	393	295	1,525
Group annuity contracts	3,393	(33)	74	(133)	—	3,301
Investment funds						
Equity funds	538	87	(7)	(20)	(22)	576
Fixed income funds	2,179	736	(397)	32	(283)	2,267
Funds of hedge funds	3,480	321	1	653	—	4,455
Global macro funds	864	157	(5)	(31)	(266)	719
Multi-strategy funds	1,100	49	112	719	(151)	1,829
Other investment funds	318	16	1	124	—	459
Private equity and debt investments	6,618	264	205	123	—	7,210
Real estate assets	5,701	(1,086)	364	230	—	5,209
Total assets	25,533	1,296	199	2,809	1,088	30,925
Liabilities						
Common and preferred stocks	(4)	(1)	—	2	1	(2)
Debt securities	—	—	—	(3)	—	(3)
Total liabilities	(4)	(1)	—	(1)	1	(5)
Derivatives, net	(314)	(8)	(22)	66	390	112
Total net assets	$25,215	$ 1,287	$ 177	$2,874	$1,479	$31,032

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Assets						
Common and preferred stocks	$ 11	$ (2)	$ 2	$ 6	$ —	$ 17
Government and agency debt securities	9	3	—	17	—	29
Corporate debt securities	604	172	(47)	15	5	749
Agency mortgage and asset-backed securities	5	—	—	(1)	(1)	3
Non-agency mortgage and asset-backed securities	717	(147)	(16)	9	(19)	544
Group annuity contracts	3,316	(57)	83	51	—	3,393
Investment funds						
Equity funds	456	18	—	64	—	538
Fixed income funds	1,427	498	—	254	—	2,179
Funds of hedge funds	3,106	27	—	347	—	3,480
Global macro funds	1,351	(20)	82	(549)	—	864
Multi-strategy funds	1,486	24	6	(416)	—	1,100
Other investment funds	701	(73)	(19)	(281)	(10)	318
Private equity and debt investments	7,564	(1,049)	(64)	167	—	6,618
Real estate assets	7,899	(2,440)	(10)	252	—	5,701
Total assets	28,652	(3,046)	17	(65)	(25)	25,533
Liabilities						
Common and preferred stocks	(1)	1	1	(5)	—	(4)
Total liabilities	(1)	1	1	(5)		(4)
Derivatives, net	1,420	(1,469)	(229)	(36)	—	(314)
Total net assets (liabilities)	$30,071	$(4,514)	$(211)	$ (106)	$ (25)	$25,215

Investment Trusts Transfers In and/or Out of Level 3

During the year ended December 31, 2010 significant transfers out of Level 3 to Level 2 included government and agency debt securities of $1.3 billion, corporate debt securities of $0.7 billion and non-agency mortgage and asset-backed securities of $0.7 billion. These transfers were primarily the result of improved pricing transparency of these securities, which allowed management to corroborate observable pricing inputs received from independent pricing services.

During the year ended December 31, 2010 investment funds of $0.6 billion were transferred out of Level 3 to Level 2. This resulted from management's ability to validate certain liquidity and redemption restrictions that permit the Investment Trusts to redeem their interest in these investment funds in the near-term (generally within 90 days) at NAV.

OPEB Plan Assets and Fair Value Measurements

As a result of the December 31, 2009 UAW hourly retiree medical plan settlement, there were no significant OPEB plan assets at December 31, 2010.

The following table summarizes the fair value of OPEB plan assets by asset category (dollars in millions):

	Successor			
	Fair Value Measurements at December 31, 2009			
	Level 1	Level 2	Level 3	Total U.S. Plan Assets
Direct investments				
Cash equivalents and other short-term investments	$ —	$28	$—	$ 28
Investment Funds — Mutual and commingled funds	—	37	—	37
Other	—	—	2	2
Total assets	$ —	$65	$ 2	67
Employee-owned assets				(10)
Net non-security liabilities				(26)
Total OPEB plan assets				$ 31

The following tables summarize the activity for the OPEB plan assets classified in Level 3 (dollars in millions):

	Successor					
	July 10, 2009 Through December 31, 2009					
	Balance at July 10, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at December 31, 2009
Common and preferred stocks	$ 3	$ 3	$ (2)	$ (4)	$ —	$—
Government and agency debt securities	1	21	4	(248)	222	—
Corporate debt securities	122	51	3	(344)	168	—
Non-agency mortgage and asset-backed securities	18	(29)	(1)	(2)	14	—
Investment funds — Mutual and commingled funds	2,188	154	(17)	(2,315)	(10)	—
Private equity and debt investments	243	36	—	(279)	—	—
Real estate assets	356	(78)	—	(136)	(142)	—
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$2,933	$158	$(13)	$(3,328)	$ 252	$ 2

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009					
	Balance at January 1, 2009	Net Unrealized Gains (Losses)	Net Realized Gains (Losses)	Purchases, Sales and Settlements	Transfers into (out of) Level 3	Balance at July 9, 2009
Common and preferred stocks	$ —	$ (5)	$ —	$ 8	$ —	$ 3
Government and agency debt securities	—	—	—	—	1	1
Corporate debt securities	89	26	(5)	12	—	122
Non-agency mortgage and asset-backed securities	24	—	(1)	(5)	—	18
Investment funds — Mutual and commingled funds	2,403	333	(104)	(272)	(172)	2,188
Private equity and debt investments	245	17	(16)	(3)	—	243
Real estate assets	415	(71)	1	11	—	356
Other	2	—	—	—	—	2
Total OPEB plan assets Level 3	$3,178	$300	$(125)	$(249)	$(171)	$2,933

Significant Concentrations of Risk

The pension plans' Investment Trusts include investments in certain investment funds, equity, debt and real estate investments and derivative instruments. Some or all of these investments may be illiquid. The investment managers may be unable to quickly liquidate some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held in the Investment Trusts are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

Certain assets held by the Investment Trusts represent investments in group annuity contracts. We entered into group annuity contracts with various life insurance companies to provide pension benefits to certain of our salaried workforce and backed these obligations by high quality fixed income securities. We, as the plans' sponsor, might be exposed to counterparty risk if any or all of the life insurance companies fail to perform in accordance with the terms and conditions stipulated in the contracts, or any or all of the life insurance companies become insolvent or experience other forms of financial distress. We and the plans might also be exposed to liquidity risk due to the funding obligation that may arise under these contracts. The plans' management monitors counterparty and liquidity risks on an on-going basis and has procedures in place that are designed to monitor the financial performance of the life insurance companies that are parties to these contracts and maintain flexibility in addressing contract-specific and broader market events.

The pension plans' Investment Trusts may contain financial instruments denominated in foreign currencies. Consequently, the plans might be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the Investment Trusts' foreign currency denominated assets or liabilities. The Investment Trusts use forward currency contracts to manage foreign currency risk.

The pension plans' Investment Trusts may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. The plans' Investment Trusts may use interest rate swaps and other financial derivative instruments to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument held by the Investment Trusts will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties.

Plan Funding Policy and Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2010, all legal funding requirements had been met.

The following table summarizes pension contributions to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. hourly and salaried	$4,000	$ —	$ —	$ —
Other U.S.	95	31	57	90
Non-U.S.	777	4,287	529	977
Total contributions	$4,872	$4,318	$586	$1,067

Required Pension Funding Obligations

We do not have any required contributions due to our U.S. qualified plans in 2011. The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act (PPA) of 2006 will be as of October 1, 2010. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical funding valuation at December 31, 2010, using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 Full Yield Curve funding interest rate for all future funding valuations projects contributions of $2.3 billion, and $1.2 billion in 2015 and 2016. Alternatively, a hypothetical funding valuation at December 31, 2010 using the 3-Segment rate at May 31, 2010 for the funding plan year beginning October 1, 2010 and assuming the December 31, 2010 3-Segment interest rate for all future funding valuations projects contributions of $0.3 billion in 2016. In both cases, we have assumed that the pension plans earn the expected return of 8.0%. In addition to the discount rate and return on assets, the pension contributions could be affected by various other factors including the effect of any legislative changes. We are evaluating whether we will make additional voluntary contributions in 2011.

In July 2009 $862 million was deposited into an escrow account pursuant to an agreement among Old GM, EDC and an escrow agent. In July 2009 we subscribed for additional common shares in GMCL and paid the subscription price in cash. As required under certain agreements among GMCL, EDC, and an escrow agent, $3.6 billion of the subscription price was deposited into an escrow account to fund certain of GMCL's pension plans and HCT obligations pending completion of certain preconditions. In September 2009 GMCL contributed $3.0 billion to the Canadian hourly defined benefit pension plan and $651 million to the Canadian salaried defined benefit pension plan, of which $2.7 billion was funded from the escrow account. In accordance with the terms of the escrow agreement, $903 million was released from the escrow account to us in September 2009. At December 31, 2010 $1.0 billion remained in the escrow account.

OPEB Contributions

The following table summarizes contributions (withdrawals) to the U.S. OPEB plans (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008 (a)
Employer contributions (withdrawals)	$651	$1,528	$1,947	$(1,356)
Plan participants' contributions	53	172	169	401
Total contributions (withdrawals)	$704	$1,700	$2,116	$ (955)

(a) Both the U.S. non-UAW hourly and salaried VEBAs were effectively liquidated by December 31, 2008 resulting in withdrawals from plan assets.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service, but does not reflect the effect of the 2009 CAW Agreement which provides for our independent HCT (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans (b)	Non-U.S. Plans
2011	$ 8,765	$1,460	$ 451	$ 189
2012	$ 8,463	$1,461	$ 427	$ 199
2013	$ 8,186	$1,480	$ 407	$ 209
2014	$ 7,999	$1,513	$ 391	$ 220
2015	$ 7,855	$1,534	$ 379	$ 231
2016-2020	$36,033	$7,889	$1,796	$1,287

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the 2009 UAW Retiree Settlement Agreement which releases us from UAW retiree healthcare claims incurred after December 31, 2009.

Note 21. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

We are party to a variety of foreign currency exchange rate and commodity derivative contracts entered into in connection with the management of exposure to fluctuations in foreign currency exchange rates and certain commodity prices.

Our derivative instruments consist of derivative contracts or economic hedges, including forward contracts and options that we acquired from Old GM or purchased directly from counterparties. At December 31, 2010 and 2009 no outstanding derivative contracts were designated in hedging relationships other than those derivative contracts designated in a hedging relationship by GM Financial.

Refer to Note 24 for additional information on the fair value measurements of our derivative instruments. Refer to Note 4 for additional information on our derivatives accounting policy.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. Since August 2010 we executed new agreements with counterparties that will require, under certain circumstances, that the counterparty post collateral with us for net asset positions. At December 31, 2010 we held collateral of $74 million from counterparties and recorded the related obligation in Accrued liabilities. The maximum amount of loss due to credit risk that we would incur if the counterparties to the derivative instruments failed completely to perform according to the terms of the contract was $143 million at December 31, 2010. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. At December 31, 2010 the total net derivative asset position for all counterparties with which we were in a net asset position, less the collateral we held, was $108 million.

At December 31, 2010 a majority of all derivative counterparty exposures were with counterparties that were rated A or higher.

Credit Risk Related Contingent Features

Certain of our agreements with counterparties require that we provide cash collateral for net liability positions that we may have with such counterparty. At December 31, 2010 no collateral was posted related to derivative instruments, and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following table summarizes the fair value of our derivative instruments (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)	Asset Derivatives (a)(b)	Liability Derivatives (c)(d)
Derivative Instruments				
Current Portion				
Foreign currency exchange	$ 80	$113	$104	$568
Commodity	93	2	11	—
Total current portion	$173	$115	$115	$568
Non-Current Portion				
Foreign currency exchange	$ —	$ —	$ 19	$146
Commodity	—	7	—	—
Warrants	44	—	25	—
Total non-current portion	$ 44	$ 7	$ 44	$146

(a) Current portion recorded in Other current assets and deferred income taxes

(b) Non-current portion recorded in Other assets.

(c) Current portion recorded in Accrued liabilities.

(d) Non-current portion recorded in Other liabilities and deferred income taxes.

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Foreign Currency Exchange Derivatives		
Interest income and other non-operating income, net	$ 82	$279
Interest Rate Swap Derivatives		
Automotive interest expense	—	(1)
Commodity Derivatives		
Interest income and other non-operating income, net	(33)	—
Warrants		
Interest income and other non-operating income, net	19	—
Total gains (losses) recorded in earnings	$ 68	$278

Commodity Notionals

The following table summarizes the notional amounts of our commodity derivative contracts (units in thousands):

		Successor	
Commodity	Units	December 31, 2010	December 31, 2009
Aluminum and aluminum alloy	Metric tons	448	39
Copper	Metric tons	44	4
Lead	Metric tons	69	7
Heating oil	Gallons	125,160	10,797
Natural gas	MMBTU	—	1,355
Natural gas	Gigajoules	—	150
Palladium	Troy ounce	444	—
Platinum	Troy ounce	91	—
Electricity (embedded derivative)	MWh	1,304	—

Foreign Currency Exchange Notionals

The following table summarizes the total notional amounts of our foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Foreign currency exchange derivatives	$5,910	$6,333
Embedded foreign currency exchange derivatives	$1,421	$ —

In 2010 we entered into a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. The fair value of this embedded derivative was insignificant as of December 31, 2010.

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. Gains and losses related to these warrants were recorded in Interest income and other non-operating income, net. At December 31, 2010 the fair value of these warrants was $44 million. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

In connection with our investment in New Delphi, which we account for using the equity method, we record our share of New Delphi's Other comprehensive income (loss) in Accumulated other comprehensive income (loss). In the years ended December 31, 2010 and 2009 we recorded cash flow hedge losses of $22 million and $1 million related to our share of New Delphi's hedging losses.

Automotive Financing

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable.

The effect of derivative instruments on earnings and Accumulated other comprehensive income was insignificant for the three months ended December 31, 2010.

The following table summarizes interest rate swaps, caps and foreign currency exchange derivatives (dollars in millions):

	Successor	
	December 31, 2010	
	Notional	Fair Value
Assets (a)		
Interest rate swaps	$1,227	$23
Interest rate caps	946	8
Total assets	$2,173	$31
Liabilities (b)		
Interest rate swaps	$1,227	$47
Interest rate caps	832	8
Foreign currency exchange (c)	49	2
Total liabilities	$2,108	$57

(a) Recorded in GM Financial Other assets.

(b) Recorded in GM Financial Other liabilities.

(c) Notional has been translated from Canadian dollars to U.S. dollars at the December 31, 2010 rate.

Credit Risk Related Contingent Features

Under the terms of our derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. As of December 31, 2010, these restricted cash accounts totaled $33 million and are included in GM Financial Restricted cash.

Old GM

Derivatives and Hedge Accounting

Derivatives Not Designated for Hedge Accounting

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices.

In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Commodity, foreign currency exchange and interest rate forward contracts were settled for cash of $631 million, resulting in a loss of $537 million. The loss was recorded in Automotive sales, Automotive cost of sales and Automotive interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract was no longer forecasted to occur, in some cases a new derivative instrument was entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties were unwilling to enter into offsetting derivative instruments and, as such, there was exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk.

The following table summarizes gains and (losses) recorded for derivatives originally entered into to hedge exposures that subsequently became probable not to occur (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest income and other non-operating income, net	$91

Gains and (Losses) on Derivatives

The following table summarizes derivative gains and (losses) recorded in earnings (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Foreign Currency Exchange Derivatives	
Automotive sales	$ (688)
Automotive cost of sales	(211)
Interest income and other non-operating income, net	91
Interest Rate Swap Derivatives	
Automotive interest expense	(38)
Commodity Derivatives	
Automotive cost of sales	(332)
Warrants	
Interest income and other non-operating income, net	164
Total gains (losses) recorded in earnings	$(1,014)

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were cancelled.

Cash Flow Hedges

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to certain foreign currency exchange risks. For foreign currency transactions, Old GM typically hedged forecasted exposures for up to three years in the future. For foreign currency exposure on long-term debt, Old GM typically hedged exposures for the life of the debt.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying cash flow hedges. Subsequent to that date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $157 million in the three months ended December 31, 2008. This gain was recorded in Automotive sales and Automotive cost of sales in the amounts of $127 million and $30 million.

The following table summarizes financial statement classification and amounts reclassified from Accumulated other comprehensive income (loss) into earnings related to effective cash flow hedging relationships (dollars in millions):

	Predecessor	
	Gain (Loss) Reclassified	Gain (Loss) Reclassified
	January 1, 2009 Through July, 9, 2009	Year Ended December 31, 2008
Automotive sales	$(351)	$198
Automotive cost of sales	19	205
Reorganization gains, net	247	—
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ (85)	$403

Hedge ineffectiveness related to instruments designated as cash flow hedges was insignificant in the year ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Accumulated other comprehensive income (loss) balances of $247 million associated with previously designated financial instruments were reclassified into Reorganization gains, net because the underlying forecasted debt and interest payments were probable not to occur.

The following table summarizes gains and (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor
	Gain (Loss) Reclassified
	January 1, 2009 Through July 9, 2009
Automotive sales	$(182)
Reorganization gains, net	247
Total gains (losses) reclassified from accumulated other comprehensive income (loss)	$ 65

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning net unrealized gain (loss) on derivatives	$(490)	$ 321
Change in fair value	—	(1,054)
Reclassification to earnings	99	243
Ending net unrealized gain (loss) on derivatives	$(391)	$ (490)

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedging gains and losses of $391 million in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Fair Value Hedges

Old GM previously used interest rate swaps designated as fair value hedges to manage certain of its exposures associated with its borrowings. Old GM hedged its exposures to the maturity date of the underlying interest rate exposure.

Gains and losses on derivatives designated and qualifying as fair value hedges, as well as the offsetting gains and losses on the debt attributable to the hedged interest rate risk, were recorded in Automotive interest expense to the extent the hedge was effective. The gains and losses related to the hedged interest rate risk were recorded as an adjustment to the carrying amount of the debt. Previously recorded adjustments to the carrying amount of the debt were amortized to Automotive interest expense over the remaining debt term. In the period January 1, 2009 through July 9, 2009 Old GM amortized an insignificant amount of previously deferred fair value hedge gains and losses to Automotive interest expense. Old GM recorded no hedging ineffectiveness in the year ended December 31, 2008.

On October 1, 2008 Old GM ceased hedge accounting treatment for derivatives that were previously designated as qualifying fair value hedges. Subsequent to this date Old GM recorded gains and losses arising from changes in the fair value of the derivative instruments in earnings, resulting in a net gain of $279 million recorded in Automotive interest expense in the three months ended December 31, 2008.

In connection with the Chapter 11 Proceedings, at June 1, 2009 Old GM had basis adjustments of $18 million to the carrying amount of debt that ceased to be amortized to Automotive interest expense. At June 1, 2009 the debt related to these basis adjustments was classified as Liabilities subject to compromise and no longer subject to interest accruals or amortization. We did not assume this debt from Old GM in connection with the 363 Sale.

Net Investment Hedges

Old GM was subject to foreign currency exposure related to net investments in certain foreign operations and used foreign currency denominated debt to hedge this exposure. For nonderivative instruments that were designated as, and qualified as, a hedge of a net investment in a foreign operation, the effective portion of the unrealized and realized gains and losses were recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss). In connection with the 363 Sale, MLC retained the foreign currency denominated debt and it ceased to operate as a hedge of net investments in foreign operations. In connection with our application of fresh-start reporting, the effective portions of unrealized gains and losses previously recorded to Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

The following table summarizes the gains related to net investment hedges recorded as a Foreign currency translation adjustment in Accumulated other comprehensive income (loss) (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Effective portion of net investment hedges	$5	$106

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Automotive cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815, "Derivatives and Hedging." Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Note 22. Commitments and Contingencies

Consolidated

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor			
	December 31, 2010		December 31, 2009	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating lease residual values	$ 7	$ 59	$—	$ 79
Ally Financial commercial loans (c)	$—	$ 17	$ 2	$167
Supplier commitments and other obligations	$—	$ 63	$ 3	$218
Other product-related claims	$50	$442	$54	$553

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

(c) At December 31, 2009 includes $127 million related to a guarantee provided to Ally Financial in Brazil in connection with dealer floor plan financing. This guarantee is collateralized by an interest in certificates of deposit of $127 million purchased from Ally Financial to which we have title and which were recorded in Restricted cash and marketable securities. The purchase of the certificates of deposit was funded in part by contributions from dealers for which we had recorded a corresponding deposit liability of $104 million, which was recorded in Other liabilities. In the year ended December 31, 2010 this guarantee was terminated.

	Successor	
	December 31, 2010	December 31, 2009
	Liability Recorded	Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 167	$ 140
Deferred revenue(c)	$ 408	$ 464
Environmental liability (d)	$ 195	$ 190
Product liability	$ 365	$ 319
Liability related to contingently issuable shares	$ —	$ 162
Other litigation-related liability and tax administrative matters (e)	$1,471	$1,192

(a) At December 31, 2010 and 2009 qualified cardholders had rebates available, net of deferred program revenue, of $2.8 billion and $3.1 billion.

(b) Redemption liabilities are recorded in Accrued liabilities.

(c) Deferred revenue is recorded in Other liabilities and deferred income taxes. At December 31, 2010 and 2009 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $45 million and $28 million recorded in Accrued liabilities at December 31, 2010 and 2009, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Consists primarily of tax related litigation not recorded pursuant to ASC 740 as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2011 to 2035. Certain leases contain renewal options.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in years ranging from 2011 to 2015, or upon the occurrence of specific events.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered.

We also provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third parties, such as dealers or rental car companies. These guarantees either expire in years ranging from 2012 to 2029 or are ongoing. We determined the value ascribed to the guarantees to be insignificant based on the credit worthiness of the third parties. Refer to Note 32 for additional information on guarantees that we provide to Ally Financial.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. We have provided guarantees with respect to benefits to be paid to former employees of divested businesses relating to pensions, postretirement healthcare and life insurance. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. No amounts have been recorded for such obligations as they are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements mentioned previously, we periodically enter into agreements that incorporate indemnification provisions in the normal course of business. Due to the nature of these agreements, the maximum potential amount of future undiscounted payments to which we may be exposed cannot be estimated. No amounts have been recorded for such indemnities as our obligations under them are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees expire in 2020.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

In connection with the 363 Sale, we acquired certain properties that are subject to environmental remediation.

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are and Old GM was involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from 5 to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions, and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Accordingly, it is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition and results of operations. At December 31, 2010 we estimate the remediation losses could range from $150 million to $370 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, it is believed that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess insurance coverage. Although punitive damages are claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for all product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities and exclude Old GM's asbestos claims, which are discussed separately.

In accordance with our assumption of dealer sales and service agreements, we indemnify dealers for certain product liability related claims. Our experience related to dealer indemnification obligations where we are not a party arising from incidents prior to July 10, 2009 is limited. We monitor actual claims experience for consistency with this estimate and make periodic adjustments as appropriate. Since July 10, 2009, the volume of product liability claims against us has been less than projected. In addition, as of this time due to the relatively short period for which we have been directly responsible for such claims, we have fewer pending matters than Old GM had in the past and than we expect in the future. Based on both management judgments concerning the projected number and value of both dealer indemnification obligations and product liability claims against us, we have estimated the associated liability. We have lowered our overall product liability estimate for dealer indemnifications and our exposure in the year ended December 31, 2010 resulting in a $132 million favorable adjustment driven primarily by a lower than expected volume of claims. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Liability Related to Contingently Issuable Shares

We are obligated to issue Adjustment Shares of our common stock to MLC in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. In the period July 10, 2009 to December 31, 2009 we determined that it was probable that general unsecured claims allowed against MLC would ultimately exceed $35.0 billion by at least $2.0 billion. In that circumstance, we would have been required to issue 8.6 million Adjustment Shares to MLC as an adjustment to the purchase price. At December 31, 2009 we recorded a liability of $162 million included in Accrued liabilities. In the year ended December 31, 2010 the liability was adjusted quarterly based on available information. Based on information which became available in the three months ended December 31, 2010, we concluded it was no longer probable that general unsecured claims would exceed $35.0 billion, and we reversed to income our previously recorded liability of $231 million for the contingently issuable Adjustment Shares which is recorded in Interest income and other non-operating income, net. We believe it is reasonably possible that general unsecured claims allowed against MLC will range between $32.5 billion and $36.0 billion.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us or MLC including a number of shareholder class actions, bondholder class actions and class actions under ERISA and other matters arising out of alleged product defects, including asbestos-related claims; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740 and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which it is believed that losses are probable and can be reasonably estimated, the majority of which are associated with tax-related matters not recorded pursuant to ASC 740 as well as various non-U.S. labor-related matters. Tax related matters not recorded pursuant to ASC 740 (indirect tax-related matters) are items being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow; such escrow deposits may range from $560 million to $760 million. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2010. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. These accrued reserves represent the best estimate of amounts believed to be our liability in a range of expected losses. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

Commencing on or about September 29, 2010, current and former hourly employees of GM Daewoo, our majority-owned affiliate in the Republic of Korea, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Daewoo failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. Similar cases have been brought against other large employers in the Republic of Korea. At December 31, 2010 GM Daewoo accrued 122 billion Korean Won (equivalent to $110 million) in connection with these cases (70% of which was recorded in Net income attributable to stockholders, based on our ownership interest in GM Daewoo). The current estimate of the value of plaintiffs' claim, if allowed in full, exceeds the accrual by 395 billion Korean Won (equivalent to $344 million). GM Daewoo believes the claims in excess of the accrual are without merit but, given the inherent uncertainties of the litigation process and further uncertainties arising because this litigation is at its earliest stages, this amount represents the high end of the range of reasonably possible liability exposure. Both the scope of claims asserted and GM Daewoo's assessment of any or all of individual claim elements may change. This accrual is included in the reserves for non-U.S. labor-related matters.

In July 2008 Old GM reached a tentative settlement of the General Motors Securities Litigation suit and recorded an additional charge of $277 million, of which $139 million was paid in the year ended December 31, 2008. Also in the year ended December 31, 2008, Old GM recorded $215 million as a reduction to Automotive selling, general and administrative expense associated with insurance-related indemnification proceeds for previously recorded litigation related costs, including the cost incurred to settle the General Motors Securities Litigation suit.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan, agreed to with European labor representatives, we have committed to achieve specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement, we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $193 million at December 31, 2010 was pledged as collateral under the agreement. Management has the intent and believes it has the ability to meet the requirements under the agreement.

Asset Retirement Obligations

Conditional asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration.

Recording conditional asset retirement obligations results in increased fixed asset balances with a corresponding increase to liabilities. Asset balances, net of accumulated depreciation, of $36 million and $53 million at December 31, 2010 and 2009 are recorded in Property, net, while the related liabilities are included in Other liabilities. The following table summarizes the activity related to asset retirement obligations (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$102	$ 97	$ 237
Accretion expense	6	4	12
Liabilities incurred	6	21	5
Liabilities settled or disposed	(12)	(9)	(2)
Effect of foreign currency translation	2	3	5
Revisions to estimates	(1)	(14)	1
Reclassified to liabilities subject to compromise (a)	—	—	(121)
Ending balance	103	102	137
Effect of application of fresh-start reporting	—	—	(40)
Ending balance including effect of application of fresh-start reporting	$103	$102	$ 97

(a) Represents the asset retirement obligations associated with assets MLC retained.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2011	2012	2013	2014	2015	2016 and after
Minimum commitments (a)	$520	$406	$318	$266	$232	$ 851
Sublease income	(60)	(60)	(55)	(51)	(46)	(359)
Net minimum commitments	$460	$346	$263	$215	$186	$ 492

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Rental expense under operating leases	$604	$255	$369	$934

Asbestos-Related Liability

In connection with the 363 Sale, MLC retained substantially all of the asbestos-related claims outstanding.

Like most automobile manufacturers, Old GM had been subject to asbestos-related claims in recent years.

Old GM recorded the estimated liability associated with asbestos personal injury claims where the expected loss was both probable and could reasonably be estimated. Old GM retained a firm specializing in estimating asbestos claims to assist Old GM in determining the potential liability for pending and unasserted future asbestos personal injury claims.

Old GM reviewed a number of factors, including the analyses provided by the firm specializing in estimating asbestos claims in order to determine a reasonable estimate of the probable liability for pending and future asbestos-related claims projected to be asserted over the subsequent 10 years, including legal defense costs. Old GM monitored actual claims experience for consistency with this estimate and made periodic adjustments as appropriate. Old GM recorded asbestos-related expenses of $18 million and $51 million in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008.

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi. As part of the separation agreements, Delphi assumed the pension and other postretirement benefit obligations for the transferred U.S. hourly employees who retired after January 1, 2000 and Old GM retained pension and other postretirement obligations for U.S. hourly employees who retired on or before January 1, 2000. Additionally at the time of the spin-off, Old GM entered into the Delphi Benefit Guarantee Agreements with the UAW, the IUE-CWA and the USW providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. The Delphi Benefit Guarantee Agreements provided, in general, that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the Delphi Benefit Guarantee Agreements, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the Bankruptcy Code. In June 2007 Old GM entered into a memorandum of understanding with Delphi and the UAW (Delphi UAW MOU) that included terms relating to the consensual triggering, under certain circumstances, of the Delphi Benefit Guarantee Agreements as well as additional terms relating to Delphi's restructuring. Under the Delphi UAW MOU, Old GM also agreed to pay for certain healthcare costs of Delphi retirees and their beneficiaries in order to provide a level of benefits consistent with those provided to Old GM's retirees and their beneficiaries under the Mitigation Plan, if Delphi terminated OPEB benefits. In August 2007 Old GM also entered into memoranda of understanding with Delphi and the IUE-CWA and with Delphi and the USW containing terms consistent with the comprehensive Delphi UAW MOU.

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements consisting of the Global Settlement Agreement (GSA), the Master Restructuring Agreement (MRA) and the Implementation Agreements with the UAW, IUE-CWA and the USW (Implementation Agreements). The GSA was intended to resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings. The MRA was intended to govern certain aspects of Old GM's ongoing commercial relationship with Delphi. The Implementation Agreements addressed a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Implementation Agreements. In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective.

The more significant items contained in the Amended Delphi-GM Settlement Agreements included Old GM's commitment to:

- Reimburse Delphi for its costs to provide OPEB to certain of Delphi's hourly retirees from December 31, 2006 through the date that Delphi ceases to provide such benefits and assume responsibility for OPEB going forward;

- Reimburse Delphi for the normal cost of credited service in Delphi's pension plan between January 1, 2007 and the date its pension plans are frozen;

- First hourly pension transfer — Transfer net liabilities of $2.1 billion from the Delphi Hourly Rate Plan (Delphi HRP) to Old GM's U.S. hourly pension plan in September 2008;

- Second hourly pension transfer — Transfer the remaining Delphi HRP net liabilities upon Delphi's substantial consummation of its plan of reorganization (POR) subject to certain conditions being met;

- Reimburse Delphi for all retirement incentives and half of the buyout payments made pursuant to the various attrition program provisions and to reimburse certain U.S. hourly buydown payments made to certain hourly employees of Delphi;

- Award certain future product programs to Delphi, provide Delphi with ongoing preferential sourcing for other product programs, eliminate certain previously agreed upon price reductions, and restrict the ability to re-source certain production to alternative suppliers;

- Labor cost subsidy — Reimburse certain U.S. hourly labor costs incurred to produce systems, components and parts for GM vehicles from October 2006 through September 2015 at certain U.S. facilities owned or to be divested by Delphi;

- Production cash burn support — Reimburse Delphi's cash flow deficiency attributable to production at certain U.S. facilities that continue to produce systems, components and parts for GM vehicles until the facilities are either closed or sold by Delphi;

- Facilitation support — Pay Delphi $110 million in both 2009 and 2010 in quarterly installments in connection with certain U.S. facilities owned by Delphi until Delphi's emergence from its Chapter 11 proceedings;

- Temporarily accelerate payment terms for Delphi's North American sales to Old GM upon substantial consummation of its POR, until 2012;

- Reimburse Delphi, beginning in January 2009, for actual cash payments related to workers compensation, disability, supplemental unemployment benefits and severance obligations for all current and former UAW-represented hourly active and inactive employees; and

- Guarantee a minimum recovery of the net working capital that Delphi has invested in certain businesses held for sale.

The GSA also resolved all claims in existence at its effective date (with certain limited exceptions) that either Delphi or Old GM had or may have had against the other. The GSA and related agreements with Delphi's unions released us, Old GM and our related parties (as defined), from any claims of Delphi and its related parties (as defined), as well as any employee benefit related claims of Delphi's unions and hourly employees. Additionally, the GSA provided that Old GM would receive certain administrative claims against the Delphi bankruptcy estate or preferred stock in the emerged entity.

As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion and $1.4 billion to Delphi in the period January 1, 2009 through July 9, 2009 and the year ended December 31, 2008 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA.

IUE-CWA and USW Settlement Agreement

As more fully discussed in Note 20, in September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the Delphi Benefit Guarantee Agreements with these unions. The settlement agreement provides for a measure of retiree healthcare and life insurance to be provided to certain retirees represented by these unions. The agreement also provides certain IUE-CWA and USW retirees from Delphi a pension "top up" equal to the difference between the amount of PBGC pension payments and the amount of pension benefits that otherwise would have been paid by the Delphi HRP according to its terms had it not been terminated. Further, the settlement agreement provided certain current employees of Delphi or Delphi divested units up to seven years credited service in Old GM's U.S. hourly defined benefit pension plan, commencing November 30, 2008, the date that Delphi froze the Delphi HRP. The agreement was approved by the Bankruptcy Court in November 2009.

Advance Agreements

In the period January 1, 2009 to July 9, 2009 and the year ended December 31, 2008 Old GM entered into various agreements and amendments to such agreements to advance a maximum of $950 million to Delphi, subject to Delphi's continued satisfaction of certain conditions and milestones. Through the consummation of the DMDA, we entered into further amendments to the agreements, primarily to extend the deadline for Delphi to satisfy certain milestones, which if not met, would have prevented Delphi from continued access to the credit facility. At October 6, 2009 $550 million had been advanced under the credit facility. Upon consummation of the DMDA, we waived our rights to the advanced amounts that became consideration to Delphi and other parties under the DMDA. Refer to Note 5 for additional information on the consummation of the DMDA.

Payment Terms Acceleration Agreement

In October 2008 subject to Delphi obtaining an extension or other accommodation of its DIP financing through June 30, 2009, Old GM agreed to temporarily accelerate payment of North American payables to Delphi in the three months ended June 30, 2009. In January 2009 Old GM agreed to immediately accelerate $50 million in advances towards the temporary acceleration of North American payables. Additionally, Old GM agreed to accelerate $150 million and $100 million of North American payables to Delphi in March and April of 2009 bringing the total amount accelerated to the total agreed upon $300 million. Upon consummation of the DMDA, we waived our rights to the accelerated payments that became consideration to Delphi and other parties under the DMDA.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 5. Upon consummation of the DMDA, the MRA was terminated with limited exceptions, and we and Delphi waived all claims against each other under the GSA. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the Delphi Benefit Guarantee Agreements that we continue to maintain. In addition, the DMDA establishes an ongoing commercial relationship with New Delphi. We also agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply.

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor	
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Other automotive expenses, net	$ 8	$184	$4,797
Automotive cost of sales	193	142	555
Reorganization gains, net	—	662	—
Total Delphi charges	$201	$988	$5,352

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the Delphi Benefit Guarantee Agreements, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due from us. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims we have against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 5 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

The charges recorded in the year ended December 31, 2008 primarily related to estimated losses associated with the guarantee of Delphi's hourly pension plans and the write off of any estimated recoveries from Delphi. The charges also reflected a benefit of $622 million due to a reduction in the estimated liability associated with Delphi OPEB related costs for Delphi active employees and retirees, based on the terms of the New VEBA, who were not previously participants in Old GM's plans. The terms of the New VEBA also reduced Old GM's OPEB obligation for Delphi employees who returned to Old GM and became participants in the UAW hourly medical plan primarily in 2006. Such benefit is included in the actuarial gain recorded in our UAW hourly medical plan. Refer to Note 22 for additional information on the Delphi benefit plans.

Note 23. Income Taxes

Consolidated

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
U.S. income (loss)	$2,648	$(6,647)	$105,420	$(26,742)
Non-U.S. income (loss)	3,089	1,364	2,356	(2,729)
Income (loss) before income taxes and equity income	$5,737	$(5,283)	$107,776	$(29,471)

Provision (Benefit) for Income Taxes

The following table summarizes the provision (benefit) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Current income tax expense (benefit)				
U.S. federal	$ (10)	$ 7	$ (60)	$ (31)
Non-U.S.	441	421	(522)	668
U.S. state and local	(1)	(1)	16	(34)
Total current	430	427	(566)	603
Deferred income tax expense (benefit)				
U.S. federal	(25)	(1,204)	110	(163)
Non-U.S.	259	(52)	(716)	1,175
U.S. state and local	8	(171)	6	151
Total deferred	242	(1,427)	(600)	1,163
Total income tax expense (benefit)	$672	$(1,000)	$(1,166)	$1,766

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

The following table summarizes the cash paid (received) for income taxes (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Cash paid (received) for income taxes	$357	$(65)	$(1,011)	$718

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be permanently reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed permanently reinvested of $6.9 billion and $5.5 billion at December 31, 2010 and 2009. Quantification of the deferred tax liability, if any, associated with permanently reinvested earnings is not practicable.

The following table summarizes a reconciliation of the provision (benefit) for income taxes compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Tax at U.S. federal statutory income tax rate	$ 2,008	$(1,849)	$ 37,721	$(10,315)
State and local tax expense	334	(559)	(260)	(1,151)
Foreign income taxed at other than 35%	1,579	64	(119)	1,229
Taxes on unremitted earnings of subsidiaries	(10)	(151)	(12)	(235)
Change in valuation allowance	(2,903)	1,338	6,609	13,064
Change in statutory tax rates	—	163	1	151
Research and development incentives	(235)	(14)	(113)	(367)
Medicare prescription drug benefit	—	—	18	(104)
Settlements of prior year tax matters	(170)	—	—	—
VEBA contribution	—	(328)	—	—
Non-taxable reorganization gain	—	—	(45,564)	—
Foreign currency remeasurement	143	340	207	(608)
Other adjustments	(74)	(4)	346	102
Total income tax expense (benefit)	$ 672	$(1,000)	$ (1,166)	$ 1,766

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2010 and 2009 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,884	$ 5,231
Pension and other employee benefit plans	7,127	8,951
Warranties, dealer and customer allowances, claims and discounts	4,276	4,255
Property, plants and equipment	2,275	3,333
Capitalized research expenditures	5,033	4,693
Tax carryforwards	20,109	18,880
Miscellaneous U.S.	2,387	2,693
Miscellaneous non-U.S.	357	1,049
Total deferred tax assets before valuation allowances	45,448	49,085
Less: Valuation allowances	(42,979)	(45,281)
Net deferred tax assets	2,469	3,804
Deferred tax liabilities		
Intangible assets	2,609	3,642
Total deferred tax liabilities	2,609	3,642
Net deferred tax assets (liabilities)	$ (140)	$ 162

The following table summarizes deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Current deferred tax assets	$ 782	$ 462
Current deferred tax liabilities	(23)	(57)
Non-current deferred tax assets	308	564
Non-current deferred tax liabilities	(1,207)	(807)
Net deferred tax assets (liabilities)	$ (140)	$ 162

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2010 (dollars in millions):

	Successor	
	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2011-2030	$11,050
Non-U.S. loss and tax credit carryforwards	Indefinite	1,088
Non-U.S. loss and tax credit carryforwards	2011-2030	4,173
U.S. alternative minimum tax credit	Indefinite	699
U.S. general business credits (a)	2011-2030	1,956
U.S. foreign tax credits	2011-2018	1,143
Total loss and tax credit carryforwards		$20,109

(a) The general business credits are principally composed of research and experimentation credits.

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$45,281	$42,666	$ 59,777	$42,208
Additions (Reversals)				
U.S.	(2,196)	2,226	(14,474)	14,146
Canada	63	405	(802)	759
Germany	(139)	67	(792)	140
Spain	378	(40)	(200)	1,109
Brazil	1	1	(442)	(135)
South Korea	(121)	(221)	321	724
Australia	(39)	7	190	340
U.K.	(121)	109	62	330
Sweden	(58)	33	(1,057)	(58)
Other	(70)	28	83	214
Ending balance	$42,979	$45,281	$ 42,666	$59,777

In July 2009 Old GM recorded adjustments resulting in a net decrease in valuation allowances of $20.7 billion as a result of the 363 Sale and fresh-start reporting. The net decrease primarily resulted from U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between fresh-start reporting and historical U.S. GAAP bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by Old GM, a foreign tax attribute reduction of $0.9 billion and release of valuation allowances of $0.7 billion. After the deconsolidation of our Saab unit in February 2009, corresponding deferred taxes and valuation allowances in Sweden were no longer recorded in Old GM financial statements.

Old GM established or released the following significant valuation allowances for jurisdictions not on a full valuation allowance throughout the applicable period (dollars in millions):

	Predecessor	
Jurisdiction(s)	Valuation Allowance Charge/(Release)	Period Ended
Brazil	$(465)	July 9, 2009
Various non-U.S.	$(286)	July 9, 2009
South Korea	$ 725	December 31, 2008
Various non-U.S.	$ 329	December 31, 2008
Australia	$ 284	December 31, 2008
Texas	$ 152	December 31, 2008
Spain	$ 206	March 31, 2008
United Kingdom	$ 173	March 31, 2008

Over the past several years, we and Old GM have accumulated pre-tax losses in the U.S. and various non-U.S. jurisdictions. These historical pre-tax losses were driven by several factors including but not limited to instability of the global economic environment, automotive price competition, relatively high cost structure, unfavorable commodity prices, unfavorable regulatory and tax environments and a challenging foreign currency exchange environment. By December 31, 2008, after weighing these objective and verifiable negative evidence factors with all other available positive and negative evidence, Old GM determined it was more likely than not it would not realize its net deferred tax assets, and established valuation allowances for major jurisdictions including the U.S., Canada, Brazil, Australia, South Korea, Germany, Spain and the United Kingdom. Additional concerns arose related to the U.S. parent company's liquidity which led us to establish valuation allowances for Texas and various non-U.S. jurisdictions, even though many of these jurisdictions had historical profits and no other significant negative evidence factors.

In 2009 the U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many non-U.S. jurisdictions, including Brazil, were generating and projecting U.S. GAAP and local taxable income. To the extent there were no other significant negative evidence factors, Old GM determined it was more likely than not it would realize its net deferred tax assets and reversed valuation allowances in Brazil and various non-U.S. jurisdictions.

Although we are a new company, and our ability to achieve future profitability was enhanced by the cost and liability reductions that occurred as a result of the Chapter 11 Proceedings and 363 Sale, Old GM's historic operating results remain relevant as they are reflective of the industry and the effect of economic conditions. The fundamental businesses and inherent risks in which we globally operate did not change from those in which Old GM operated. As such, subsequent to the Chapter 11 Proceedings and the 363 Sale, due to objective and verifiable negative evidence including cumulative and current losses, we determined it was still more likely than not the net deferred tax assets would not be realized in major jurisdictions including the U.S., Canada, Australia, South Korea, Germany, Spain and the United Kingdom.

At December 31, 2010 objective and verifiable negative evidence continues to outweigh positive evidence in our key valuation allowance jurisdictions. If, in the future, we generate taxable income in jurisdictions where we have recorded full valuation allowances, on a sustained basis, our conclusion regarding the need for full valuation allowances in these tax jurisdictions could change, resulting in the reversal of some or all of the valuation allowances. If our operations generate taxable income prior to reaching profitability on a sustained basis, we would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing our conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Gross unrecognized tax benefits before valuation allowances	$5,169	$5,410
Amount that would favorably affect effective tax rate in future	$ 785	$ 618
Amount of liability for uncertain tax positions benefits netted against deferred tax assets in the same jurisdiction (a)	$3,605	$4,007

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Beginning balance	$5,410	$4,096	$2,803	$2,754
Additions to tax positions in the current year	195	1,454	1,493	208
Additions to tax positions in prior years	803	22	594	751
Reductions to tax positions in the current year	—	(44)	(25)	(47)
Reductions to tax positions in prior years	(475)	(128)	(626)	(725)
Reductions in tax positions due to lapse of statutory limitations	(18)	—	(281)	—
Settlements	(761)	(111)	(16)	(275)
Other	15	121	154	137
Ending balance	$5,169	$5,410	$4,096	$2,803

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$13	$—	$249	$26
Interest expense (benefit)	$20	$30	$ (31)	$13
Penalties	$ 1	$—	$ 30	$ 4

	Successor	
	December 31, 2010	December 31, 2009
Accrued interest receivable	$ —	$ 10
Accrued interest payable	$250	$275
Accrued penalties	$119	$137

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we are using or expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382(a) of the Internal Revenue Code. On November 1, 2010, we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. In Germany, we have net operating loss carryforwards for corporate income tax and trade tax purposes through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Although we received a ruling from the German tax authorities confirming the availability of these losses for carry over on January 26, 2011, a European Union Commission review concluded the German law on which the ruling was based is void and therefore reaffirmed these loss carryforwards are not available. We are evaluating options that would allow these loss carryforwards to reduce future taxable income. In Australia, we have net operating loss carryforwards which are subject to meeting a “Same Business Test” requirement that we assess on a quarterly basis.

In the U.S., we have continuing responsibility for Old GM’s open tax years. Old GM’s federal income tax returns for 2004 through 2006 were audited by the Internal Revenue Service (IRS), and the review was concluded in February 2010. The IRS is currently auditing Old GM’s federal 2007 and 2008 tax years. The IRS is also reviewing the January 1 through July 9, 2009 Old GM tax year as part of the IRS Compliance Assurance Process (CAP), the objective of which is to reach early issue resolution and increase audit efficiency. Our July 10, 2009 through December 31, 2009 and 2010 tax years are also under IRS CAP review. In addition to the U.S., income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2001 to 2009 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations, there is a risk that transfer pricing disputes may arise.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010.

In June 2010 a Mexican income tax audit covering the 2002 and 2003 years was concluded and an assessment of 2.0 billion pesos (equivalent to $165 million) including tax, interest and penalties was issued. We do not agree with the assessment and intend to appeal. We believe we have adequate reserves established and collection of the assessment will be suspended during the appeal period and any subsequent proceedings through U.S. and Mexican competent authorities.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010, this resolution resulted in a tax benefit of $140 million including interest.

Based on an unfavorable Brazilian Supreme court decision rendered to a separate Brazilian taxpayer on a similar income tax matter, it is likely we will settle a contested income tax matter for $242 million in the next twelve months. This amount was fully reserved in a prior period.

At December 31, 2010, aside from the Brazilian matter, it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 24. Fair Value Measurements

Automotive

Fair Value Measurements on a Recurring Basis

The following tables summarize the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 1,085	$—	$ 1,085
Sovereign debt	—	523	—	523
Certificates of deposit	—	2,705	—	2,705
Money market funds	4,844	—	—	4,844
Commercial paper	—	3,807	—	3,807
Marketable securities				
Trading securities				
Equity	21	17	—	38
Debt	—	98	—	98
Available–for–sale securities				
United States government and agency	—	2,023	—	2,023
Sovereign debt	—	773	—	773
Certificates of deposit	—	954	—	954
Corporate debt	—	1,669	—	1,669
Restricted cash and marketable securities (a)				
United States government and agency	—	99	—	99
Money market funds	345	—	—	345
Sovereign debt	—	1,011	—	1,011
Corporate debt	—	19	—	19
Other assets				
Equity	5	—	—	5
Convertible debt	—	—	10	10
Derivatives				
Commodity	—	93	—	93
Foreign currency	—	80	—	80
Other	—	44	—	44
Total assets	$5,215	$15,000	$10	$20,225
Liabilities				
Other liabilities				
Options	$ —	$ —	$24	$ 24
Derivatives				
Foreign currency	—	113	—	113
Commodity	—	9	—	9
Total liabilities	$ —	$ 122	$24	$ 146

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
United States government and agency	$ —	$ 580	$ —	$ 580
Certificates of deposit	—	2,140	—	2,140
Money market funds	7,487	—	—	7,487
Commercial paper	—	969	—	969
Marketable securities				
Trading securities				
Equity	15	17	—	32
Debt	—	92	—	92
Available–for–sale securities				
United States government and agency	—	2	—	2
Certificates of deposit	—	8	—	8
Restricted cash and marketable securities (a)				
United States government and agency	—	140	—	140
Money market funds	13,083	—	—	13,083
Sovereign debt	—	955	—	955
Other assets				
Equity	13	—	—	13
Derivatives				
Commodity	—	11	—	11
Foreign currency	—	90	33	123
Other	—	25	—	25
Total assets	$20,598	$5,029	$ 33	$25,660
Liabilities				
Derivatives				
Foreign currency	$ —	$ 9	$705	$ 714
Total liabilities	$ —	$ 9	$705	$ 714

(a) Cash and time deposits recorded in Cash and cash equivalents and Restricted cash and marketable securities have been excluded.

Transfers In and/or Out of Level 3

At December 31, 2010 our non-performance risk remains unobservable through a liquid credit default swap market. In the three months ended December 31, 2010 we determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our derivatives. The effect of our non-performance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million out of Level 3 to Level 2.

In the period January 1, 2009 through July 9, 2009 Old GM's mortgage- and asset-backed securities were transferred out of Level 3 to Level 2 as the significant inputs used to measure fair value and quoted prices for similar instruments were determined to be observable in an active market.

For periods presented from June 1, 2009 through September 30, 2010 nonperformance risk for us and Old GM was not observable through a liquid credit default swap market as a result of the Chapter 11 Proceedings and lack of traded instruments for us after the 363 Sale. As a result, foreign currency derivatives with a fair market value of $1.6 billion were transferred into Level 3 from Level 2 in the period January 1, 2009 through July 9, 2009.

In the three months ended March 31, 2009 Old GM determined the credit profile of certain foreign subsidiaries was equivalent to Old GM's nonperformance risk which was observable through the credit default swap market and bond market based on prices for recent trades. Foreign currency derivatives with a fair value of $2.1 billion were transferred from Level 3 into Level 2.

The following tables summarize the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2010	$—	$—	$ (672)	$ —	$—	$ (672)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	103	(3)	—	100
Included in other comprehensive income (loss)	—	—	(10)	—	—	(10)
Purchases, issuances and settlements	—	—	394	(21)	10	383
Transfer in and/or out of Level 3	—	—	185	—	—	185
Balance at December 31, 2010	$—	$—	$ —	$(24)	$10	$ (14)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$—	$—	$ —	$ (3)	$—	$ (3)

	Successor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Options	Other Securities	Total Net Assets (Liabilities)
Balance at July 10, 2009	$—	$—	$(1,430)	$ —	$—	$(1,430)
Total realized/unrealized gains (losses)						
Included in earnings	—	—	238	—	—	238
Included in other comprehensive income (loss)	—	—	(103)	—	—	(103)
Purchases, issuances and settlements	—	—	623	—	—	623
Transfer in and/or out of Level 3	—	—	—	—	—	—
Balance at December 31, 2009	$—	$—	$ (672)	$ —	$—	$ (672)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$—	$—	$ 214	$ —	$—	$ 214

	Predecessor					
	Level 3 Financial Assets and (Liabilities)					
	Mortgage-backed Securities	Commodity Derivatives, Net	Foreign Currency Derivatives	Other Derivative Instruments	Other Securities	Total Net Assets (Liabilities)
Balance at January 1, 2009	$ 49	$(17)	$(2,144)	$(164)	$17	$(2,259)
Total realized/unrealized gains (losses)						
Included in earnings	(2)	13	26	164	(5)	196
Included in other comprehensive income (loss)	—	—	(2)	—	—	(2)
Purchases, issuances and settlements	(14)	4	105	—	(7)	88
Transfer in and/or out of Level 3	(33)	—	585	—	(5)	547
Balance at July 9, 2009	$ —	$ —	$(1,430)	$ —	$—	$(1,430)
Amount of total gains and (losses) in the period included in earnings attributable to the change in unrealized gains or (losses) relating to assets still held at the reporting date	$ —	$ —	$ 28	$ —	$—	$ 28

Short-Term and Long-Term Debt

We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

The following table summarizes the carrying amount and estimated fair values of short-term and long-term debt (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Carrying amount (a)	$4,630	$15,783
Fair value (a)	$4,840	$16,024

(a) Accounts and notes receivable, net and Accounts payable (principally trade) are not included because the carrying amount approximates fair value due to their short-term nature.

Ally Financial Common and Preferred Stock

At December 31, 2010 we estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. This approach provides our best estimate of the fair value of our investment in Ally Financial common stock at December 31, 2010 due to Ally Financial's transition to a bank holding company and less readily available information with which to value Ally Financial's business operations individually. The significant inputs used in our fair value analysis were Ally Financial's December 31, 2010 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry.

At December 31, 2009 we estimated the fair value of our investment in Ally Financial common stock using a market approach based on the average price to tangible book value multiples of comparable companies to each of Ally Financial's Auto Finance, Commercial Finance, Mortgage, and Insurance operations to determine the fair value of the individual operations. These values were aggregated to estimate the fair value of Ally Financial's common stock. The significant inputs used to determine the appropriate multiple for Ally Financial and used in our analysis were as follows:

- Ally Financial's December 31, 2009 financial statements, as well as the financial statements and price to tangible book value multiples of comparable companies in the Auto Finance, Commercial Finance and Insurance industries;

- Historical segment equity information separately provided by Ally Financial;

- Expected performance of Ally Financial, as well as our view on its ability to access capital markets; and
- The value of Ally Financial's mortgage operations, taking into consideration the continuing challenges in the housing markets and mortgage industry, and its need for additional liquidity to maintain business operations.

At December 31, 2010 and 2009 we calculated the fair value of our investment in Ally Financial's preferred stock using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial's preferred stock and the expected call date.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common and preferred stock (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Common stock		
Carrying amount (a)	$ 964	$970
Fair value	$1,031	$970
Preferred stock		
Carrying amount	$ 665	$665
Fair value	$1,055	$989

(a) Investment in Ally Financial common stock at December 31, 2010 and 2009 includes the 9.9% and 16.6% held directly and indirectly through an independent trust.

Automotive Financing

Fair Value Measurements on a Recurring Basis

The following table summarizes the financial instruments measured at fair value on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents (a)				
Money market funds	$ 167	$—	$—	$ 167
Restricted cash (a)				
Money market funds	952	—	—	952
Derivatives				
Interest rate swaps (b)	—	—	23	23
Interest rate caps (b)	—	8	—	8
Total assets	$1,119	$ 8	$23	$1,150
Liabilities				
Derivatives				
Interest rate swaps (b)	$ —	$—	$47	$ 47
Interest rate caps (b)	—	8	—	8
Foreign currency contracts	—	2	—	2
Total liabilities	$	$10	$47	$ 57

(a) Cash deposits and cash held in Guaranteed Investment Contracts have been excluded.

(b) The fair value of interest rate cap and swap derivatives are based upon quoted market prices when available. If quoted prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk adjusted rate.

Transfers In and/or Out of Level 3

The following table summarizes the activity for financial instruments classified in Level 3 (dollars in millions):

	Successor	
	Assets	(Liabilities)
	Interest Rate Swap Derivatives	Interest Rate Swap Derivatives
Balance at October 1, 2010	$27	$(61)
Transfers in and/or out of Level 3	—	—
Total realized/unrealized gains (losses)		
Included in earnings	1	(1)
Included in other comprehensive income (loss)	—	—
Settlements	(5)	15
Balance at December 31, 2010	$23	$(47)

The following table summarizes estimated fair values, carrying amounts and various methods and assumptions used in valuing GM Financial's financial instruments (dollars in millions):

	December 31, 2010	
	Carrying Amount	Estimated Fair Value
Financial assets		
Finance receivables, net (a)	$8,197	$8,186
Financial liabilities		
Credit facilities(b)	$ 832	$ 832
Securitization notes payable (c)	$6,128	$6,107
Senior notes and convertible senior notes (c)	$ 72	$ 72

(a) The fair value of the finance receivables is estimated based upon forecasted cash flows discounted using a pre-tax weighted-average cost of capital. The forecast includes among other things items such as prepayment, defaults, recoveries and fee income assumptions.

(b) Credit facilities have variable rates of interest and maturities of three years or less. The carrying amount is considered to be a reasonable estimate of fair value.

(c) The fair values of the securitization notes payable and senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

Note 25. Restructuring and Other Initiatives

Automotive

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to preserve adequate liquidity, to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

Refer to Note 26 for asset impairment charges related to our restructuring initiatives and Note 20 for pension and other postretirement benefit charges resulting from our hourly and salaried employee separation initiatives, including special attrition programs.

GM Financial did not execute any new restructuring initiatives in the three months ended December 31, 2010. Charges and payments for restructuring activities in the three months ended December 31, 2010 related to previously announced programs are not significant.

The following table summarizes Automotive restructuring reserves (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Successor				
	GMNA	GME	GMIO	GMSA	Total
Balance at July 10, 2009	$2,905	$ 433	$ 32	$ 16	$ 3,386
Additions	44	37	76	9	166
Interest accretion and other	15	35	—	—	50
Payments	(994)	(61)	(109)	(19)	(1,183)
Revisions to estimates	30	—	1	(3)	28
Effect of foreign currency	88	7	3	1	99
Balance at December 31, 2009	2,088	451	3	4	2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	$1,135	$ 664	$ 3	$ —	$ 1,802

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor				
	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2008	$ 868	$ 580	$ —	$ 4	$ 1,452
Additions	2,165	242	96	34	2,537
Interest accretion and other	41	62	—	—	103
Payments	(745)	(368)	(33)	(20)	(1,166)
Revisions to estimates	320	(18)	—	(3)	299
Effect of foreign currency	(193)	(30)	(18)	(2)	(243)
Balance at December 31, 2008	2,456	468	45	13	2,982
Additions	1,835	20	27	38	1,920
Interest accretion and other	16	11	—	—	27
Payments	(1,014)	(65)	(43)	(48)	(1,170)
Revisions to estimates	(401)	—	—	9	(392)
Effect of foreign currency	50	(1)	3	4	56
Balance at July 9, 2009	2,942	433	32	16	3,423
Effect of application of fresh-start reporting	(37)	—	—	—	(37)
Ending balance including effect of application of fresh-start reporting	$ 2,905	$ 433	$ 32	$ 16	$ 3,386

(a) The remaining cash payments related to these restructuring reserves primarily relate to postemployment benefits to be paid.

GM

GMNA recorded charges, interest accretion and other, and revisions to estimates that decreased the restructuring reserves by $275 million in the year ended December 31, 2010. The decreases were primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates of $840 million in the year ended December 31, 2010 for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affects 2,600 employees.
- Separation charges of $72 million and revisions to estimates to decrease the reserve by $9 million related to separation/layoff plans and an early retirement plan in Spain which affects 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program and previously announced programs in Germany.

We have committed to a restructuring plan for GME, and as of December 31, 2010 we expect to expend up to $1.4 billion. Of this amount $0.8 billion was recorded in 2010 as charges for the separation programs described above. We expect to incur an additional $0.6 billion primarily in 2011 and 2012 to complete these programs. Because these programs involve voluntary separations, no liabilities are recorded until offers to employees are accepted.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $89 million in the period July 10, 2009 through December 31, 2009 for separation programs primarily related to the following initiatives:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.

- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees. Such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates of $72 million in the period July 10, 2009 through December 31, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $77 million in the period July 10, 2009 through December 31, 2009, primarily related to separation charges of $72 million related to restructuring programs in Australia for salaried and hourly employees.

Dealer Wind-downs

We market vehicles worldwide through a network of independent retail dealers and distributors. As part of achieving and sustaining long-term viability and the viability of our dealer network, we determined that a reduction in the number of GMNA dealerships was necessary. At December 31, 2010 there were 5,200 dealers in GMNA compared to 6,500 at December 31, 2009. Certain dealers in the U.S. that had signed wind-down agreements with us elected to file for reinstatement through a binding arbitration process. At December 31, 2010 the arbitration process had been resolved. As a result of the arbitration process we offered 332 dealers reinstatement in their entirety and 460 existing dealers reinstatement of certain brands.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 and in the year ended December 31, 2010 (dollars in millions):

	Successor		
	U.S.	Canada and Mexico	Total
Balance at July 10, 2009	$ 398	$ 118	$ 516
Additions	229	46	275
Payments	(167)	(118)	(285)
Transfer to legal reserve	—	(17)	(17)
Effect of foreign currency	—	12	12
Balance at December 31, 2009	460	41	501
Revisions to estimates	(2)	9	7
Payments	(323)	(43)	(366)
Effect of foreign currency	—	2	2
Balance at December 31, 2010	$ 135	$ 9	$ 144

Restructuring reserves related to dealer wind-down agreements in the period July 10, 2009 through December 31, 2009 increased primarily due to additional accruals recorded for wind-down payments to Saturn dealerships in accordance with the deferred termination agreements that Saturn dealers signed.

Old GM

GMNA recorded charges, interest accretion and other, and revisions to estimates of $1.5 billion in the period January 1, 2009 through July 9, 2009 for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 Special Attrition Programs.
- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.
- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 Special Attrition Programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.
- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.
- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program at the Oshawa Facility.

GME recorded charges, interest accretion and other, and revisions to estimates of $31 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $27 million in the period January 1, 2009 through July 9, 2009 primarily related to separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $47 million in the period January 1, 2009 through July 9, 2009 related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.

GMNA recorded charges, interest accretion and other, and revisions to estimates of $2.5 billion in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Postemployment benefit costs in the U.S. and Canada of $2.1 billion, which was comprised of $1.7 billion related to previously announced capacity actions and $407 million for special attrition programs.
- Revisions to estimates that increased the reserve of $320 million.
- Separation charges of $40 million for a U.S. salaried severance program, which allowed terminated employees to receive ongoing wages and benefits for up to 12 months.

GME recorded charges, interest accretion and other, and revisions to estimates of $286 million in the year ended December 31, 2008 for separation programs related to the following initiatives:

- Separation charges in Germany of $107 million related to early retirement programs, along with additional minor separations under other current programs.
- Separation charges in Belgium of $92 million related to current and previously announced programs.
- Separation charges of $43 million related to separation programs and the cost of previously announced initiatives, which include voluntary separations, in Sweden, the United Kingdom, Spain and France.

GMIO recorded charges, interest accretion and other, and revisions to estimates of $96 million in the year ended December 31, 2008 primarily related to separation charges of $76 million related to a facility idling in Australia.

GMSA recorded charges, interest accretion and other, and revisions to estimates of $31 million in the year ended December 31, 2008 related to separation charges in South America.

Dealer Wind-downs

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements in the period January 1, 2009 through July 9, 2009 (dollars in millions):

	Predecessor		
	U.S.	Canada and Mexico	Total
Balance at January 1, 2009	$ —	$ —	$ —
Additions	398	120	518
Payments	—	(2)	(2)
Balance at July 9, 2009	$398	$118	$516

Note 26. Impairments

Automotive

The following table summarizes impairment charges (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
GMNA				
Goodwill	$ —	$ —	$ —	$ 154
Intangibles assets	—	21	—	—
Product-specific tooling assets	234	1	278	291
Cancelled powertrain programs	—	—	42	120
Equity and cost method investments	—	4	28	119
Vehicles leased to rental car companies	—	—	11	160
Automotive retail leases (a)	—	—	—	220
Other than temporary impairment charges on debt and equity securities (b)	—	—	—	47
Total GMNA impairment charges	234	26	359	1,111
GME				
Goodwill	—	—	—	456
Product-specific tooling assets	—	—	237	497
Vehicles leased to rental car companies	49	18	36	222
Total GME impairment charges	49	18	273	1,175
GMIO				
Product-specific tooling assets	6	1	7	66
Asset impairment charges related to restructuring initiatives	—	—	—	28
Total GMIO impairment charges	6	1	7	94
GMSA				
Product specific tooling assets	—	—	—	6
Asset impairment charges related to restructuring initiatives	—	—	—	2
Other long-lived assets	—	—	2	—
Total GMSA impairment charges	—	—	2	8
Corporate				
Other than temporary impairment charges on debt and equity securities (b)	—	—	11	15
Automotive retail leases	—	—	16	157
Ally Financial Common Membership Interests	—	—	—	7,099
Ally Financial common stock	—	270	—	—
Ally Financial Preferred Membership Interests	—	—	—	1,001
Total Corporate impairment charges	—	270	27	8,272
Total impairment charges	$289	$315	$668	$10,660

(a) The year ended December 31, 2008 includes an increase in intersegment residual support and risk sharing reserves of $220 million recorded as a reduction of revenue in GMNA.

(b) Refer to Note 8 and Note 24 for additional information on marketable securities and financial instruments measured at fair value on a recurring basis.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair value measurements, excluding vehicles leased to rental car companies and automotive retail leases, utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved. Fair value measurements of vehicles leased to rental car companies utilized projected cash flows from vehicle sales at auction. Fair value measurements of automotive retail leases utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

The following tables summarize assets measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

GM

	Successor				
		Fair Value Measurements Using			
	Year Ended December 31, 2010 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Year Ended December 31, 2010 Total Losses
Product-specific tooling assets	$ —	$—	$—	$ —	$(240)
Vehicles leased to rental car companies	$537-668	$—	$—	$537-668	(49)
					$(289)

(a) Amounts represent the fair value measure (or range of measures) during the period.

	Successor				
		Fair Value Measurements Using			
	Period Ended December 31, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	July 10, 2009 Through December 31, 2009 Total Losses
Product-specific tooling assets	$ —	$—	$—	$ —	$ (2)
Equity and cost method investments (other than Ally Financial)	$ 1	$—	$—	$ 1	(4)
Vehicles leased to rental car companies (b)	$543 - 567	$—	$—	$543 - 567	(18)
Ally Financial common stock	$ 970	$—	$—	$ 970	(270)
Intangible assets	$ —	$—	$—	$ —	(21)
					$(315)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the period July 10, 2009 through September 30, 2009 we recorded impairment charges of $12 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the three months ended December 31, 2009 we recorded an impairment charge of $6 million to write down vehicles leased to rental car companies to their fair value of $567 million.

At December 31, 2009 we determined that indicators were present that suggested our investments in Ally Financial common and preferred stock could be impaired. Such indicators included the continuing deterioration in Ally Financial's mortgage operations, as evidenced by the strategic actions Ally Financial took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in Ally Financial recording an increase in its provision for loan losses of $2.4 billion in the three months ended December 31, 2009. These indicators also included Ally Financial's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009.

As a result of these impairment indicators, we evaluated the fair value of our investments in Ally Financial common and preferred stock and recorded an impairment charge of $270 million related to our Ally Financial common stock to record the investment at its estimated fair value of $970 million. We determined the fair value of these investments using valuation methodologies that were consistent with those we used in our application of fresh-start reporting. In applying these valuation methodologies at December 31, 2009, however, we updated the analyses to reflect changes in market comparables and other relevant assumptions.

Old GM

	Predecessor				
		Fair Value Measurements Using			
	Period Ended July 9, 2009 (a)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	January 1, 2009 Through July 9, 2009 Total Losses
Product-specific tooling assets (b)	$ 0-85	$—	$—	$ 0-85	$(522)
Cancelled powertrain programs	$ —	$—	$—	$ —	(42)
Other long-lived assets	$ —	$—	$—	$ —	(2)
Equity and cost method investments (other than Ally Financial)	$ —	$—	$—	$ —	(28)
Vehicles leased to rental car companies (c)	$539-2,057	$—	$—	$539-2,057	(47)
Automotive retail leases	$ 1,519	$—	$—	$ 1,519	(16)
					$(657)

(a) Amounts represent the fair value measure (or range of measures) during the period.

(b) In the three months ended March 31, 2009 Old GM recorded impairment charges of $285 million to write down product-specific tooling assets to their fair value of $85 million. In the three months ended June 30, 2009 Old GM recorded impairment charges of $237 million to write down product-specific tooling assets to their fair value of $0.

(c) In the three months ended March 31, 2009 Old GM recorded impairment charges of $29 million to write down vehicles leased to rental car companies to their fair value $2.1 billion. In the three months ended June 30, 2009 Old GM recorded impairment charges of $17 million to write down vehicles leased to rental car companies to their fair value of $543 million. In the period July 1, 2009 through July 9, 2009 Old GM recorded impairment charges of $1 million to write down vehicles leased to rental car companies to their fair value of $539 million.

Contract Cancellations

The following table summarizes net contract cancellation charges recorded in Automotive cost of sales primarily related to the cancellation of product programs (dollars in millions):

	Successor		Predecessor
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
GMNA (a)	$30	$80	$157
GME	3	—	12
GMIO	—	2	8
Total contract cancellations	$33	$82	$177

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Note 27. Other Automotive Expenses, net

The following table summarizes the components of Other automotive expenses, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Operating and other expenses (income)	$ (7)	$(35)	$ 22	$ 409
Expenses related to Saab deconsolidation, net (Note 5)	—	(60)	824	—
Saab impairment charges	—	—	88	—
Delphi related charges (Note 22)	—	8	184	4,797
Depreciation and amortization expense	125	89	101	749
Goodwill impairment charges (Note 26)	—	—	—	610
Interest expense	—	13	16	134
Total other automotive expenses, net	$118	$ 15	$1,235	$6,699

Interest expense and depreciation and amortization expense recorded in Other automotive expenses, net relates to a portfolio of automotive retail leases.

Note 28. Interest Income and Other Non-Operating, net

Automotive

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Interest income	$ 465	$ 184	$183	$ 655
Net gains on derivatives	68	278	—	—
Rental income	164	88	100	209
Dividends and royalties	213	105	145	171
Other (a)	645	(215)	424	(611)
Total interest income and other non-operating income, net	$1,555	$ 440	$852	$ 424

(a) Amounts for the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable Adjustment Shares of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million. Amounts for the period July 10, 2009 through December 31, 2009 include impairment charges related to Ally Financial common stock of $270 million. Amounts for the year ended December 31, 2008 include impairment charges related to Ally Financial Preferred Membership Interests of $1.0 billion.

Note 29. Stockholders' Equity (Deficit) and Noncontrolling Interests

Consolidated

Preferred Stock

We have 2.0 billion shares of preferred stock authorized, with a par value of $0.01 per share.

Series A Preferred Stock

At December 31, 2010 we had 276 million shares of Series A Preferred Stock issued and outstanding. The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount of $25.00 per share and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. Holders of the Series A Preferred Stock are entitled to receive dividends at the sole discretion of our Board of Directors at a rate of 9.0% per annum. Unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full, no dividends or distributions may be paid on common stock or Series B Preferred Stock and no shares of common stock or Series B Preferred Stock may be purchased or redeemed by us (subject to certain exceptions that are specified in the certificate of designations for the Series A Preferred Stock). Dividends, if declared, will be payable on March 15, June 15, September 15 and December 15 of each year. In the year ended December 31, 2010 we paid dividends on our Series A Preferred Stock of $810 million or $2.25 per share. In the year ended December 31, 2009 we paid dividends on our Series A Preferred Stock of $349 million or $0.97 per share. We may not redeem the Series A Preferred Stock prior to December 31, 2014. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends.

The Series A Preferred Stock was originally classified as temporary equity because the holders of Series A Preferred Stock, as a class, owned greater than 50% of our common stock and therefore had the ability to exert control, through its power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion recorded in Cumulative dividends on and charge related to purchase of preferred stock. Upon the purchase of the Series A Preferred Stock held by the UST, the Series A Preferred Stock held by Canada Holdings and the New VEBA was reclassified to permanent equity at its carrying amount of $5.5 billion because the remaining holders of our Series A Preferred Stock, Canada Holdings and the New VEBA, do not own a majority of our common stock and therefore do not have the ability to exert control, through the power to vote for the election of our directors, over various matters, including compelling us to redeem the Series A Preferred Stock when it becomes callable by us on or after December 31, 2014. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

Series B Preferred Stock

At December 31, 2010 we had 100 million shares of Series B Preferred Stock issued and outstanding. The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock; and (4) junior to all of our existing and future debt obligations. Holders of our Series B Preferred Stock are entitled to dividends that accumulate at a rate of 4.75% per annum. Dividends, if declared based on the sole discretion of our Board of Directors, will be payable on March 1, June 1, September 1 and December 1. The Series B Preferred Stock is not redeemable and has a liquidation preference in the amount of $50.00 per share. The holders of the Series B Preferred Stock do not have voting rights, except with respect to certain fundamental changes in the terms of the Series B Preferred Stock, in the case of certain dividend arrearages and as required under Delaware law. Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 (mandatory conversion date) into a number of shares of our common stock. The number of shares of our common stock issuable upon conversion of each share of Series B Preferred Stock on the mandatory conversion date, is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a price range of $33.00 to $39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock). If the applicable market value of our common stock upon mandatory conversion is above or below the price range of $33.00 to $39.60 per common share, the Series B Preferred Stock converts into a fixed number of shares of our common stock based on a fixed conversion ratio. The fixed conversion ratio will be 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60. The fixed conversion ratio will be 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stock holder's interest. These anti-dilution provisions provide a holder of the Series B Preferred Stock a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required. Under the two-class method for computing earnings per share, undistributed earnings will be allocated to the Series B Preferred Stock in each period in which the applicable market value of our common stock is above or below the price range of $33.00 to $39.60 per common share. The amount of the undistributed earnings to be allocated to the Series B Preferred Stock is based on the terms of the anti-dilution provisions and reflects the incremental value above the $50.00 per share liquidation value that the holder would receive if the market value of our common stock falls outside the price range of $33.00 to $39.60. When the applicable market value of our common stock falls within the price range of $33.00 to $39.60 per common share, no undistributed earnings will be allocated to the Series B Preferred Stock for earnings per share purposes because a holder of Series B Preferred Stock is entitled only to the security's liquidation value of $50.00 per share (plus accumulated dividends on the Series B Preferred Stock) upon mandatory conversion and therefore does not participate in earnings. For purposes of computing diluted earnings per share, the if-converted method will be used to the extent that the result is more dilutive than the application of the two-class method.

Common Stock

We have 5.0 billion shares of common stock authorized, with a par value of $0.01 per share. At December 31, 2010 and 2009 we had 1.5 billion shares issued and outstanding. Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

Warrants

In connection with the 363 Sale, we issued two warrants, each to acquire 136 million shares of common stock, to MLC and one warrant to acquire 46 million shares of common stock to the New VEBA. The first of the MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share, and the second of the MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrant is exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price thereof are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Daewoo, a majority-owned and consolidated subsidiary, for Korean Won 491 billion (equivalent to $417 million when entered into). As a result of the participation in the equity rights offering, our ownership interest in GM Daewoo increased from 50.9% to 70.1%. Funds from our UST escrow account were utilized for this rights offering.

In December 2009 we acquired the remaining noncontrolling interest of CAMI from Suzuki Motor Corporation for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net loss attributable to common stockholders and transfers from (to) noncontrolling interests (dollars in millions):

	Successor
	July 10, 2009 Through December 31, 2009
Net loss attributable to common stockholders	$(4,428)
Increase in capital surplus resulting from GM Daewoo equity rights offering	108
Changes from net loss attributable to common stockholders and transfers from (to) noncontrolling interests	$(4,320)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Successor		Predecessor
	December 31, 2010	December 31, 2009	December 31, 2008
Foreign currency translation gain (loss)	$ 394	$ 157	$ (2,122)
Cash flow hedging losses, net	(23)	(1)	(490)
Net unrealized gain (loss) on securities	(5)	2	(33)
Defined benefit plans, net	885	1,430	(29,694)
Accumulated other comprehensive income (loss)	$1,251	$1,588	$(32,339)

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Successor					
	Year Ended December 31, 2010			July 10, 2009 Through December 31, 2009		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain	$ 210	$—	$ 210	$ 135	$ 11	$ 124
Cash flow hedging losses, net	(22)	—	(22)	(1)	—	(1)
Unrealized gain (loss) on securities	(7)	—	(7)	7	5	2
Defined benefit plans						
Prior service benefit (cost) from plan amendments	7	1	6	112	130	(18)
Less: amortization of prior service cost included in net periodic benefit cost	(12)	—	(12)	—	—	—
Net prior service cost	(5)	1	(6)	112	130	(18)
Actuarial gain (loss) from plan measurements	(530)	34	(564)	2,702	1,247	1,455
Less: amortization of actuarial gain (loss) included in net periodic benefit cost	25	—	25	(6)	1	(7)
Net actuarial amounts	(505)	34	(539)	2,696	1,248	1,448
Defined benefit plans, net	(510)	35	(545)	2,808	1,378	1,430
Other comprehensive income (loss)	(329)	35	(364)	2,949	1,394	1,555
Less: other comprehensive loss attributable to noncontrolling interests	(13)	—	(13)	(33)	—	(33)
Other comprehensive income (loss) attributable to common stockholders	$(316)	$35	$(351)	$2,982	$1,394	$1,588

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor					
	January 1, 2009 Through July 9, 2009			Year Ended December 31, 2008		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain (loss)	$ 187	$ 40	$ 147	$ (1,289)	$ 27	$ (1,316)
Cash flow hedging gains (losses), net	145	(131)	276	(1,284)	(53)	(1,231)
Unrealized gain (loss) on securities	46	—	46	(298)	—	(298)
Defined benefit plans						
Prior service benefit (cost) from plan amendments	(3,882)	(1,551)	(2,331)	449	(1)	450
Less: amortization of prior service cost included in net periodic benefit cost	5,162	3	5,159	(5,063)	284	(5,347)
Net prior service benefit (cost)	1,280	(1,548)	2,828	(4,614)	283	(4,897)
Actuarial loss from plan measurements	(2,574)	1,532	(4,106)	(14,684)	(120)	(14,564)
Less: amortization of actuarial loss included in net periodic benefit cost	(2,109)	22	(2,131)	3,524	159	3,365
Net actuarial amounts	(4,683)	1,554	(6,237)	(11,160)	39	(11,199)
Net transition assets from plan initiations	6	1	5	—	—	—
Less: amortization of transition asset /obligation included in net periodic benefit cost	(5)	(1)	(4)	11	3	8
Net transition amounts	1	—	1	11	3	8
Defined benefit plans, net	(3,402)	6	(3,408)	(15,763)	325	(16,088)
Other comprehensive income (loss)	(3,024)	(85)	(2,939)	(18,634)	299	(18,933)
Less: other comprehensive income (loss) attributable to noncontrolling interests	92	—	92	(581)	—	(581)
Other comprehensive income (loss) attributable to common stockholders	$(3,116)	$ (85)	$(3,031)	$(18,053)	$ 299	$(18,352)

Note 30. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share was computed by dividing Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings (loss) per share was computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and diluted earnings (loss) per share (in millions, except for per share amounts):

	Successor		Predecessor	
	Year Ended December 31, 2010 (a)	July 10, 2009 Through December 31, 2009 (b)	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Basic				
Net income (loss) attributable to common stockholders — basic	$4,668	$(4,428)	$109,118	$(30,943)
Addition of preferred dividends to holders of Series B Preferred Stock	25	—	—	—
Net income (loss) attributable to common stockholders-diluted	$4,693	$(4,428)	$109,118	$(30,943)
Basic and Diluted shares				
Weighted-average common shares outstanding-basic	1,500	1,238	611	579
Dilutive effect of warrants	106	—	—	—
Dilutive effect of conversion of Series B Preferred Stock	17	—	—	—
Dilutive effect of RSUs	1	—	—	—
Weighted-average common shares outstanding-diluted	1,624	1,238	611	579
Basic earnings per share	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Diluted earnings per share	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)

(a) The year ended December 31, 2010 includes earned but undeclared dividends of $26 million on our Series A Preferred Stock and $25 million on our Series B Preferred Stock, which decreases Net income attributable to common stockholders.

(b) The period July 10, 2009 through December 31, 2009 includes accumulated but undeclared dividends of $34 million on Series A Preferred Stock, which increases Net loss attributable to common stockholders, and excludes dividends of $252 million on Series A Preferred Stock, which were paid to the New VEBA prior to December 31, 2009. The 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding until December 31, 2009 due to the terms of the 2009 UAW Retiree Settlement Agreement.

GM

In the year ended December 31, 2010 we considered potentially dilutive securities in our diluted earnings per share computation under the treasury stock method. In periods prior to our public offering, we utilized an average stock price based upon estimates of the fair value of our common stock. Subsequent to our public offering, we used the New York Stock Exchange price.

In the year ended December 31, 2010 because the market value of our common stock was within the price range of $33.00 to $39.60 per common share no undistributed earnings were allocated to our Series B Preferred Stock under the two-class method for purposes of calculating basic earnings per share. The dilutive effect of these securities was determined by assuming conversion of the securities at issuance resulting in an increase to the weighted-average common shares outstanding and an increase to Net income attributable to common stockholders for accumulated dividends on our Series B Preferred Stock.

In the year ended December 31, 2010 warrants to purchase 318 million shares were outstanding, of which 46 million were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining 272 million warrants resulted in 106 million dilutive shares for the year ended December 31, 2010.

In the year ended December 31, 2010 diluted earnings per share included the assumed issuance of unvested restricted stock units (RSUs) granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date. At December 31, 2010 there were 11 million unvested RSUs outstanding.

In the period July 10, 2009 through December 31, 2009, outstanding warrants to purchase 272 million shares of common stock were not included in the computation of diluted loss per share because the effect would have been antidilutive and RSUs were excluded from the computation of diluted earnings per share as these awards were payable in cash during that time. At December 31, 2009 there were 1 million RSUs outstanding.

In the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009 the Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

The 61 million shares of common stock contributed to our pension plan in January 2011 will not be included in the computation of earnings per share until they meet the criteria to qualify as plan assets for accounting purposes.

Old GM

In the period January 1, 2009 through July 9, 2009 diluted earnings per share included the potential effect of the assumed exercise of certain stock options. Old GM excluded 208 million of stock options and warrants in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares.

Due to Old GM's net losses in the year ended December 31, 2008, the assumed exercise of stock options and warrants had an antidilutive effect and therefore was excluded from the computation of diluted loss per share. Old GM excluded 101 million such options and warrants in the computation of diluted loss per share.

No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures have been included in the computation of diluted income (loss) per share for the period January 1, 2009 through July 9, 2009 and in the year ended December 31, 2008 as the conversion options in various series of convertible debentures were not in-the-money.

Note 31. Stock Incentive Plans

Consolidated

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan as amended December 22, 2010 (2009 GMLTIP) and the Salary Stock Plan as amended October 5, 2010 (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these plans shall not exceed 75 million.

The following table summarizes compensation expense and total Income tax expense recorded for our stock incentive plans (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Compensation expense (a)	$235	$23
Income tax expense (b)	$ —	$ 8

(a) Includes an insignificant amount of restricted stock granted in December 2010.

(b) Income tax expense does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Long-Term Incentive Plan

In 2010 we granted RSUs to certain global executives under the 2009 GMLTIP. We granted 15 million RSUs valued at the grant date fair value of our common stock in the year ended December 31, 2010 and no RSUs under this plan in the period June 10, 2009 through December 31, 2009. Awards granted under the 2009 GMLTIP will generally vest over a three year service period. Compensation cost for these awards are recorded on a straight-line basis over the vesting period. Our policy is to issue new shares upon settlement of RSUs.

The awards for the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle after three years in 25% increments in conjunction with each 25% of the U.S. and Canadian government loans that are repaid. The U.S. and Canadian government loans were fully repaid in April 2010, thus these awards will be settled upon completion of the remaining three year service period.

Retirement eligible participants that are non-top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the third anniversary date of the grant. Compensation cost for these employees is recognized on a straight-line basis over the requisite service period.

Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

Salary Stock

In November 2009 we initiated a salary stock program for certain global executives under the GMSSP whereby, a portion of each participant's total annual compensation was accrued and converted to RSUs at each salary payment date. In 2010 a portion of each participant's salary accrued on each salary payment date converted to RSUs on a quarterly basis. Our policy is to issue new shares upon settlement of these awards.

The awards are fully vested and nonforfeitable upon grant, therefore compensation cost is fully recognized on the date of grant. The awards are settled quarterly over a three year period commencing on the first anniversary date of grant. Under the terms of the plan, each installment is now redeemable one year earlier from the original settlement date as we have repaid the financial assistance we received from the UST under the TARP program in 2010. Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. On November 18, 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

The compensation cost of each RSU granted under the 2009 GMLTIP and GMSSP that will be settled in equity is based on the fair value of our common stock on the date of grant or, for those RSUs reclassified from liability to equity-based awards, the fair value of our common stock as of the date of the public offering.

The following table summarizes our RSU activity under the 2009 GMLTIP and GMSSP in the period July 10, 2009 through December 31, 2010 (RSUs in millions):

	Successor		
	RSUs		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at July 10, 2009	—	$ —	
Granted	1.1	$16.39	
Settled	—	$ —	
Forfeited or expired	—	$ —	
RSUs outstanding at December 31, 2009	1.1	$16.39	
Granted	17.2	$19.17	
Settled	(0.3)	$16.39	
Forfeited or expired	(0.8)	$18.80	
RSUs outstanding at December 31, 2010	17.2	$19.03	1.8
RSUs unvested and expected to vest at December 31, 2010	11.9	$18.82	2.2
RSUs vested and payable at December 31, 2010	4.7	$19.58	—

At December 31, 2010 the total unrecognized compensation expense for nonvested equity awards granted under the 2009 GMLTIP was $313 million. This expense is expected to be recorded over a weighted-average period of 2.2 years.

In the year ended December 31, 2010 total payments for 291,753 RSUs settled under the GMSSP was $5 million.

Old GM

Old GM had various stock incentive plans which were administered by either its Executive Compensation Committee of its Board of Directors or its Vice President of Human Resources. Stock incentive awards consisted of stock options, market-contingent stock options, stock performance awards and cash-based restricted stock units. Stock incentive awards, some of which were subject to performance conditions, were granted at fair value and were subject to various vesting conditions. In connection with the 363 Sale, MLC retained the responsibility for administering Old GM's stock incentive plans. We have recorded no compensation expense related to Old GM's stock incentive plans subsequent to July 9, 2009.

The following table summarizes compensation expense (benefit) and total Income tax expense (benefit) recorded for the Old GM Stock Incentive Plans (dollars in millions):

	Predecessor	
	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Compensation expense (benefit)	$(10)	$(65)
Income tax expense (benefit) (a)	$ —	$ 3

(a) Income tax expense (benefit) does not include U.S. and non-U.S. jurisdictions which have full valuation allowances.

Note 32. Transactions with Ally Financial

Automotive

Old GM entered into various operating and financing arrangements with Ally Financial, a related party, and in connection with the 363 Sale we assumed the terms and conditions of these arrangements. The following tables describe the financial statement effects of and maximum obligations under these agreements (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Operating lease residuals		
Residual support (a)		
Liabilities (receivables) recorded	$ (24)	$ 369
Maximum obligation	$ 523	$ 1,159
Risk sharing (a)		
Liabilities recorded	$ 269	$ 366
Maximum obligation	$ 692	$ 1,392
Note payable to Ally Financial	$ —	$ 35
Vehicle repurchase obligations		
Maximum obligations	$18,807	$14,249
Fair value of guarantee	$ 21	$ 46

(a) Represents liabilities (receivables) recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into in 2010 and 2009 do not include residual support or risk sharing programs. In the year ended December 31, 2010 favorable adjustments to our residual support and risk sharing liabilities of $0.6 billion were recorded in the U.S. due to increases in estimated residual values.

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Marketing incentives and operating lease residual payments (a)	$1,111	$695	$601	$3,400
Exclusivity fee revenue	$ 99	$ 47	$ 52	$ 105
Royalty income	$ 15	$ 7	$ 8	$ 16

(a) Payments to Ally Financial related to U.S. marketing incentive and operating lease residual programs. Excludes payments to Ally Financial related to the contractual exposure limit, as subsequently discussed.

Marketing Incentives and Operating Lease Residuals

As a marketing incentive, interest rate support, residual support, risk sharing, capitalized cost reduction and lease pull-ahead programs are initiated as a way to lower customers' monthly lease and retail contractual payments.

Under an interest rate support program, Ally Financial is paid an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. Such marketing incentives are referred to as rate support or subvention and the amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. Ally Financial is reimbursed to the extent that sales proceeds are less than the customer's contract residual value, limited to Ally

Financial's standard residual value. As it relates to Ally Financial's U.S. lease originations and U.S. balloon retail contract originations occurring after April 30, 2006, Old GM agreed to pay the present value of the expected residual support owed to Ally Financial at the time of contract origination as opposed to after contract termination when the off-lease vehicles are sold. The actual residual support amount owed to Ally Financial is calculated as the contracts terminate and, in cases where the actual amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial, depending if sales proceeds are lower or higher than estimated at contract origination.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent that remarketing proceeds are below Ally Financial's standard residual value (limited to a floor). As a result of revisions to the risk-sharing arrangement, Old GM agreed to pay Ally Financial a quarterly fee through 2014.

In the event it is publicly announced that a GM vehicle brand will be discontinued, phased-out, sold or other strategic options are being considered, the residual value of the related vehicles may change. If such an announcement in the U.S. or Canada results in an estimated decrease in the residual value of the related vehicles, Ally Financial will be reimbursed for the estimated decrease for certain vehicles for a certain period of time. If such an announcement results in an increase in the residual value of the related vehicles, Ally Financial will pay the increase in the sale proceeds received at auction.

Under a capitalized cost reduction program, Ally Financial is paid an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. As part of such a program, Ally Financial waives the customer's remaining payment obligation under their current lease, and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit. Anticipated payments are made to Ally Financial each month based on the estimated number of customers expected to participate in a lease-pull ahead program. These estimates are adjusted once all vehicles that could have been pulled-ahead have terminated and the vehicles have been sold. Any differences between the estimates and the actual amounts owed to or from Ally Financial are subsequently settled.

In May 2009 Old GM entered into the Amended and Restated United States Consumer Financing Services Agreement (Amended Financing Agreement) with an effective date of December 29, 2008. The terms of the Amended Financing Agreement included conditions of interest rate support, residual support, risk sharing, capitalized cost reduction, and lease pull-ahead programs.

Exclusivity Arrangement

In November 2006 Old GM granted Ally Financial exclusivity for U.S., Canadian and international GM-sponsored consumer and wholesale marketing incentives for products in specified markets around the world, with the exception of Saturn branded products. In return for exclusivity, Ally Financial paid an annual exclusivity fee of $105 million ($75 million for the U.S. retail business, $15 million for the Canadian retail business, $10 million for the international operations retail business, and $5 million for the dealer business).

As a result of the Amended Financing Agreement, Old GM and Ally Financial agreed to modify certain terms related to the exclusivity arrangements: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and in some cases subject to the limitation that pricing offered by such third party meets certain restrictions, and after such two-year period any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive, side-by-side basis with Ally Financial provided that pricing with such third parties meets certain requirements; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 24, 2013 we will have the right to offer retail financing incentive programs through any third party financing source, including Ally Financial, without any restrictions or limitations.

Beginning in 2009 under the Amended Financing Agreement, Old GM agreed to pro-rate the exclusivity fee in the U.S. and Canada under certain circumstances if incentives were offered through a third party financing source. The international exclusivity fee arrangement remains unchanged and the dealer exclusivity fee was terminated.

In December 2008 Old GM and FIM Holdings entered into the Ally Financial Exchange Agreement with Ally Financial. Pursuant to the Ally Financial Exchange Agreement, Old GM and FIM Holdings exchanged their respective amounts funded under the Ally Financial Participation Agreement for 79,368 Class B Common Membership Interests and 82,608 Class A Common Membership Interests. As the carrying amount of the amount funded under the Ally Financial Participation Agreement approximated fair value, Old GM did not recognize a gain or loss on the exchange.

Contractual Exposure Limit

An agreement between Ally Financial and Old GM limited certain unsecured obligations arising from service agreements to Ally Financial in the U.S. to $1.5 billion. In accordance with the Amended Financing Agreement, Old GM and Ally Financial agreed to increase the probable potential unsecured exposure limit from $1.5 billion in the United States to $2.1 billion globally. Ally Financial's maximum potential unsecured exposure to us cannot exceed $4.1 billion globally. Old GM and Ally Financial also agreed to reduce the global unsecured obligation limit from $2.1 billion to $1.5 billion at December 31, 2010. Old GM and Ally Financial agreed that the sum of the maximum unsecured and committed secured exposures at December 31, 2010 will not exceed the greater of $3.0 billion or 15% of Ally Financial's capital.

Vehicle Repurchase Obligations

In May 2009 Old GM and Ally Financial agreed to expand Old GM's repurchase obligations for Ally Financial financed inventory at certain dealers in Europe, Asia, Brazil and Mexico. In November 2008 Old GM and Ally Financial agreed to expand repurchase obligations for Ally Financial financed inventory at certain dealers in the United States and Canada. The current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers after September 1, 2008, with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. Repurchase obligations exclude vehicles which are damaged, have excessive mileage or have been altered. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ends in August 2011 for vehicles invoiced through August 2010 and ends August 2012 for vehicles invoiced through August 2011.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Automotive Retail Leases

In November 2006 Ally Financial transferred automotive retail leases to Old GM, along with related debt and other assets. Ally Financial retained an investment in a note, which is secured by the automotive retail leases. Ally Financial continues to service the portfolio of automotive retail leases and related debt and receives a servicing fee. Ally Financial is obligated, as servicer, to repurchase any equipment on operating leases that are in breach of any of the covenants in the securitization agreements. In addition, in a number of the transactions securitizing the equipment on operating leases, the trusts issued one or more series of floating rate debt obligations and entered into derivative transactions to eliminate the market risk associated with funding the fixed payment lease assets with floating interest rate debt. To facilitate these securitization transactions, Ally Financial entered into secondary derivative transactions with the primary derivative counterparties, essentially offsetting the primary derivatives. As part of the transfer, Old GM assumed the rights and obligations of the primary derivative while Ally Financial retained the secondary, leaving both companies exposed to market value movements of their respective derivatives. Old GM subsequently entered into derivative transactions with Ally Financial that are intended to offset the exposure each party has to its component of the primary and secondary derivatives.

Royalty Arrangement

For certain insurance products, Old GM entered into 10-year intellectual property license agreements with Ally Financial giving Ally Financial the right to use the GM name on certain products. In exchange, Ally Financial pays a royalty fee of 3.25% of revenue, net of cancellations, related to these products with a minimum annual guarantee of $15 million in the United States.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Assets		
Accounts and notes receivable, net (a)	$ 290	$ 404
Restricted cash and marketable securities (b)	$ —	$ 127
Other assets (c)	$ 26	$ 27
Liabilities		
Accounts payable (d)	$ 168	$ 131
Short-term debt and current portion of long-term debt (e)	$1,043	$1,077
Accrued liabilities and other liabilities (f)	$1,167	$ 817
Long-term debt (g)	$ 43	$ 59
Other non-current liabilities (h)	$ 84	$ 383

(a) Represents wholesale settlements due from Ally Financial, amounts owed by Ally Financial with respect to automotive retail leases and receivables for exclusivity fees and royalties.

(b) Represents certificates of deposit purchased from Ally Financial that are pledged as collateral for certain guarantees provided to Ally Financial in Brazil in connection with dealer floor plan financing.

(c) Primarily represents distributions due from Ally Financial on our investments in Ally Financial preferred stock.

(d) Primarily represents amounts billed to us and payable related to incentive programs.

(e) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest. It includes borrowing arrangements with various foreign locations and arrangements related to Ally Financial's funding of company-owned vehicles, rental car vehicles awaiting sale at auction and funding of the sale of vehicles to which title is retained while the vehicles are consigned to Ally Financial or dealers, primarily in the United Kingdom. Financing remains outstanding until the title is transferred to the dealers. This amount also includes the short-term portion of a note payable related to automotive retail leases.

(f) Primarily represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial in North America. This includes the estimated amount of residual support accrued under the residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and amounts owed under lease pull-ahead programs. In addition it includes interest accrued on the transactions in (e) above.

(g) Primarily represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(h) Primarily represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Successor		Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Total net sales and revenue (reduction) (a)	$(1,383)	$(259)	$207	$(2,350)
Automotive cost of sales and other automotive expenses (b)	$ 36	$ 113	$180	$ 688
Interest income and other non-operating income, net (c)	$ 228	$ 127	$166	$ 192
Automotive interest expense (d)	$ 243	$ 121	$100	$ 221
Servicing expense (e)	$ 2	$ 22	$ 16	$ 144
Derivative losses (f)	$ —	$ 1	$ 2	$ 4

(a) Primarily represents the increase (reduction) in Total net sales and revenue for marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual support accrued under residual support and risk sharing programs, rate support under the interest rate support programs, operating lease and finance receivable capitalized cost reduction incentives paid to Ally Financial to reduce the capitalized cost in automotive lease contracts and retail automotive contracts, and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third party resale purposes.

(b) Primarily represents cost of sales on the sale of vehicles to Ally Financial for employee and governmental lease programs and third party resale purposes. Also includes miscellaneous expenses on services performed by Ally Financial.

(c) Represents income on investments in Ally Financial preferred stock and Preferred Membership Interests, exclusivity and royalty fee income and reimbursements by Ally Financial for certain services provided to Ally Financial. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on term loans, notes payable and wholesale settlements.

(e) Represents servicing fees paid to Ally Financial on certain automotive retail leases.

(f) Represents amounts recorded in connection with a derivative transaction entered into with Ally Financial as the counterparty.

Note 33. Transactions with MLC

Automotive

In connection with the 363 Sale, we and MLC entered into a Transition Services Agreement (TSA), pursuant to which, among other things, we provided MLC with certain transition services and support functions in connection with their operation and ultimate liquidation in bankruptcy. MLC is required to pay the applicable usage fees specified with respect to various types of services under the TSA. Types of services provided under the TSA included: (1) property management; (2) assistance in idling certain facilities; (3) provisions of access rights and storage of personal property at certain facilities; (4) security; (5) administrative services including accounting, treasury and tax; (6) purchasing; (7) information systems and services support; (8) communication services to the public; and (9) splinter union services including payroll and benefits administration. Services MLC provides to us under the TSA include: (1) provisions of access rights and storage of personal property at certain facilities; (2) assistance in obtaining certain permits and consents to permit us to own and operate purchased assets in connection with the 363 Sale; (3) allowing us to manage and exercise our rights under the TSA; and (4) use of certain real estate and equipment while we are in negotiation to assume or renegotiate certain leases or enter into agreements to purchase certain lease-related assets. At December 31, 2010 we are not obligated to provide any services under the TSA.

On October 1, 2010 we completed the acquisition of the Strasbourg transmission business from MLC. The purchase price was one Euro. Refer to Note 5 for additional information on the acquisition of GMS.

Statement of Operations

The following table summarizes the income statements effect of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Automotive cost of sales (a)	$(19)	$(8)
Interest income and other non-operating income, net	$ —	$ 1

(a) Primarily related to royalty income partially offset by reimbursements for engineering expenses incurred by MLC.

Balance Sheet

The following table summarizes the balance sheets effect of transactions with MLC (dollars in millions):

	Successor	
	December 31, 2010	December 31, 2009
Accounts and notes receivable, net (a)	$—	$16
Other assets	$—	$ 1
Accounts payable (a)	$ 1	$59
Accrued liabilities	$—	$ (1)

(a) Primarily related to the purchase and sale of component parts.

Cash Flow

The following table summarizes the cash flow effects of transactions with MLC (dollars in millions):

	Successor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Operating — Automotive (a)	$(148)	$(88)
Financing — Automotive (b)	$ 5	$ 25

(a) Primarily includes payments to MLC related to the purchase and the sale of component parts.

(b) Payments received from a facility in Strasbourg, France that MLC retained and we subsequently acquired in October 2010.

Note 34. Supplementary Quarterly Financial Information (Unaudited)

Consolidated

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Total net sales and revenue	$31,476	$33,174	$34,060	$36,882
Automotive gross margin	$ 3,885	$ 4,415	$ 4,592	$ 3,627
Net income	$ 1,196	$ 1,612	$ 2,223	$ 1,472
Net income attributable to common stockholders	$ 865	$ 1,334	$ 1,959	$ 510
Net income attributable to common stockholders, per share, basic	$ 0.58	$ 0.89	$ 1.31	$ 0.34
Net income attributable to common stockholders, per share, diluted	$ 0.55	$ 0.85	$ 1.20	$ 0.31

	Successor		Predecessor		
	July 10, 2009 Through September 30, 2009	4th Quarter	1st Quarter	2nd Quarter	July 1, 2009 Through July 9, 2009
2009					
Total net sales and revenue	$25,147	$32,327	$22,431	$ 23,047	$ 1,637
Automotive gross margin (loss)	$ 1,593	$ (500)	$ (2,180)	$ (6,337)	$ (182)
Net income (loss)	$ (571)	$ (3,215)	$ (5,899)	$(13,237)	$128,139
Net income (loss) attributable to common stockholders	$ (908)	$ (3,520)	$ (5,975)	$(12,905)	$127,998
Net income (loss) attributable to common stockholders, per share, basic	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.49
Net income (loss) attributable to common stockholders, per share, diluted	$ (0.73)	$ (2.84)	$ (9.78)	$ (21.12)	$ 209.38

GM

Results for the three months ended December 31, 2010 included:

- A charge of $677 million related to our purchase of 84 million shares of Series A Preferred Stock from the UST.
- A reversal of our $231 million liability for contingently issuable Adjustment Shares based on a revised assessment of the estimate of allowed general unsecured claims against MLC.
- A gain of $198 million related to our repayment of the VEBA Notes of $2.8 billion.
- Restructuring reserve decrease of $183 million in GMNA primarily related to capacity actions and revisions to productivity initiatives.
- Restructuring charges and interest accretion and other of $154 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.
- Income before income taxes and equity income and net income of $129 million and $90 million related to the October 1, 2010 acquisition of GM Financial including net income of $10 million related to amounts recorded to reflect the changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

Results for the three months ended September 30, 2010 included:

- Restructuring charges and interest accretion and other of $153 million in GME primarily related to separation programs announced in Belgium, Spain, Germany and the United Kingdom.

- Impairment charges of $140 million related to product-specific tooling assets in GMNA.

Results for the three months ended June 30, 2010 included:

- Restructuring charges and interest accretion and other of $235 million in GME primarily related to separation programs announced in Belgium, the United Kingdom and Germany.

- Charge of $200 million relating to a recall campaign on windshield fluid heaters.

Results for the three months ended March 31, 2010 included:

- Restructuring charges and interest accretion and other of $305 million in GME primarily related to separation programs announced in Belgium and Spain. These charges were partially offset by a favorable adjustment of $104 million related to GMNA restructuring reserves due to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites.

Results for the three months ended December 31, 2009 included:

- Impairment charges of $270 million related to our investment in Ally Financial common stock.

- Settlement loss of $2.6 billion related to the 2009 UAW Settlement Agreement.

Results for the period July 10, 2009 through September 30, 2009 included:

- Charges of $195 million related to dealer wind-down agreements.

Old GM

Results for the period July 1, 2009 through July 9, 2009 included:

- Accelerated debt discount amortization of $600 million on the DIP Facility.

- Reorganization gains, net of $129.3 billion. Refer to Note 2 for additional information on these gains.

- Charges of $398 million related to dealer wind-down agreements.

Results for the three months ended June 30, 2009 included:

- Gain of $2.5 billion on the disposition of Ally Financial Common Membership Interests partially offset by a loss on extinguishment of the UST Ally Financial Loan of $2.0 billion.

- Accelerated debt discount amortization of $1.6 billion on the DIP Facility.

- Charges of $1.9 billion related to U.S. salaried and hourly headcount reduction programs.

- Restructuring charges of $1.1 billion related to SUB and TSP.
- Reorganization costs of $1.1 billion, primarily related to loss on extinguishment of debt of $958 million.
- Impairment charges of $239 million related to product-specific tooling assets.

Results for the three months ended March 31, 2009 included:

- Old GM amended the terms of its U.S. term loan and recorded a gain of $906 million on the extinguishment of the original loan facility.
- Upon Saab's filing for reorganization, Old GM recorded charges of $618 million related to its net investment in, and advances to, Saab and other commitments and obligations.
- Impairment charges of $327 million related to product-specific tooling assets and cancelled powertrain programs.

Note 35. Segment Reporting

Consolidated

We design, build and sell cars, trucks and parts worldwide. We also conduct our automotive finance operations through GM Financial. We manage our operations through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy (CAFE) regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes and evaluates GM Financial through Income (loss) before income taxes.

In the year ended December 31, 2010 we changed our managerial and financial reporting structure so that certain entities geographically located within Russia and Uzbekistan were transferred from our GME segment to our GMIO segment, and certain entities geographically located in Brazil, Argentina, Colombia, Ecuador, Venezuela, Bolivia, Chile, Paraguay, Peru and Uruguay were transferred from our GMIO segment to our newly created GMSA segment. We have retrospectively revised the segment presentation for all periods presented.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Isuzu
- Opel
- Vauxhall

At December 31, 2010 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Daewoo, SGM, SGMW, FAW-GM and HKJV. In January 2011 GM Daewoo announced it will be changing its name to GM Korea and will sell most of its cars under the Chevrolet brand. These companies design, manufacture and market vehicles under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- FAW
- GMC
- Holden
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate and Corporate assets, liabilities and results of operations are a component of Total Automotive in our consolidated financial statements. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the Delphi Benefit Guarantee Agreements and a portfolio of automotive retail leases.

All intersegment balances and transactions have been eliminated in consolidation.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize key financial information by segment (dollars in millions):

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial (a)	Eliminations	Total
At and For the Year Ended December 31, 2010										
Sales										
External customers	$79,514	$22,868	$17,730	$15,030	$ —	$ —	$135,142	$ —	$ —	$135,142
Financing operations										
Revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	3,740	314	—	(8,783)	—	—	—	—
Other revenue	—	—	—	35	134	—	169	—	—	169
Total net sales and revenue	$83,035	$24,076	$21,470	$15,379	$ 134	$ (8,783)	$135,311	$ 281	$ —	$135,592
Income (loss) before interest and income taxes	$ 5,748	$ (1,764)	$ 2,262	$ 818	$ 389	$ (105)	$ 7,348	$ 166	$ —	$ 7,514
Corporate interest income					465			—	—	465
Interest expense					1,098			37	—	1,135
Income (loss) before income taxes					(244)			129	$ —	6,844
Income tax expense					633			39		672
Net income (loss) attributable to stockholders					$ (877)			$ 90		$ 6,172
Equity in net assets of nonconsolidated affiliates	$ 2,094	$ 8	$ 6,427	$ —	$ —	$ —	$ 8,529	$ —	$ —	$ 8,529
Total assets	$76,285	$18,375	$19,655	$12,964	$35,141	$(34,418)	$128,002	$10,940	$(44)	$138,898
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$ —	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$ —	$ 6,930
Equity income (loss), net of tax	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$ —	$ 1,438
Significant noncash charges (gains)										
Net contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$ —	$ (162)
Gain on acquisition of GMS	—	(66)	—	—	—	—	(66)	—	—	(66)
Reversal of valuation allowances against deferred tax assets (b)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to product-specific tooling assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
Total significant noncash charges (gains)	$ 234	$ (17)	$ 6	$ —	$ (225)	$ —	$ (2)	$ —	$ —	$ (2)

(a) The financial information presented for our GM Financial segment includes adjustments made to decrease Income tax expense and increase Net income (loss) attributable to stockholders by $10 million and increase Total assets by $22 million to record the effect of changes in the valuation allowance on deferred tax assets that were not applicable to GM Financial on a stand-alone basis.

(b) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Successor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
At and For the Period July 10, 2009 Through December 31, 2009							
Sales							
External customers	$31,454	$11,340	$ 7,221	$ 7,314	$ —	$ —	$ 57,329
Intersegment	972	139	1,346	81	—	(2,538)	—
Other revenue	—	—	—	4	141	—	145
Total net sales and revenue	$32,426	$11,479	$ 8,567	$ 7,399	$ 141	$ (2,538)	$ 57,474
Income (loss) before interest and income taxes	$ (4,820)	$ (814)	$ 789	$ 417	$ (314)	$ (45)	$ (4,787)
Interest income					184		184
Interest expense					694		694
Income tax expense (benefit)					(1,000)		(1,000)
Net income (loss) attributable to stockholders					$ 176		$ (4,297)
Equity in net assets of nonconsolidated affiliates	$ 1,928	$ 180	$ 5,798	$ 3	$ 27	$ —	$ 7,936
Total assets	$78,719	$18,824	$17,530	$11,295	$36,475	$(26,548)	$136,295
Expenditures for property	$ 911	$ 547	$ 272	$ 131	$ 1	$ —	$ 1,862
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 2,732	$ 938	$ 237	$ 224	$ 110	$ —	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 8	$ 495	$ 1	$ —	$ —	$ 497
Significant noncash charges (gains)							
Contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ 162	$ —	$ 162
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(63)	—	(63)
Impairment charges related to investment in Ally Financial common stock	—	—	—	—	270	—	270
UAW OPEB healthcare settlement	2,571	—	—	—	—	—	2,571
Total significant noncash charges	$ 2,571	$ —	$ —	$ —	$ 369	$ —	$ 2,940

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period January 1, 2009 Through July 9, 2009							
Sales							
External customers	$ 23,490	$12,419	$5,194	$5,684	$ —	$ —	$ 46,787
Intersegment	701	133	1,024	51	—	(1,909)	—
Other revenue	—	—	—	1	327	—	328
Total net sales and revenue	$ 24,191	$12,552	$6,218	$5,736	$ 327	$(1,909)	$ 47,115
Income (loss) before interest and income taxes	$(11,092)	$ (2,815)	$ (486)	$ (454)	$ 127,981	$ 63	$ 113,197
Interest income					183		183
Interest expense					5,428		5,428
Income tax expense (benefit)					(1,166)		(1,166)
Net income attributable to stockholders					$ 123,902		$ 109,118
Expenditures for property	$ 2,282	$ 795	$ 279	$ 137	$ 24	$ —	$ 3,517
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,759	$ 1,492	$ 386	$ 94	$ 142	$ —	$ 6,873
Equity in income of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ 1,380	$ —	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 3	$ 334	$ —	$ 1	$ —	$ 61
Significant noncash charges (gains)							
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ —	$ (906)
Loss on extinguishment of UST Ally Financial Loan	—	—	—	—	1,994	—	1,994
Gain on conversion of UST Ally Financial Loan	—	—	—	—	(2,477)	—	(2,477)
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(751)	—	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	—	63
Impairment charges related to long-lived assets	320	237	7	2	—	—	566
Reorganization gains, net (b)	—	—	—	—	(128,563)	—	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 7	$ 2	$(130,687)	$ —	$(130,074)

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.
(b) Refer to Note 2 for additional information on Reorganization gains, net.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Year Ended December 31, 2008							
Sales							
External customers	$ 82,938	$32,440	$18,181	$14,173	$ —	$ —	$147,732
Intersegment	3,249	2,207	5,869	308	—	(11,633)	—
Other revenue	—	—	—	41	1,206	—	1,247
Total net sales and revenue	$ 86,187	$34,647	$24,050	$14,522	$ 1,206	$(11,633)	$148,979
Income (loss) before interest and income taxes	$(12,203)	$ (2,625)	$ (555)	$ 1,076	$(13,041)	$ 41	$ (27,307)
Interest income					655		655
Interest expense					2,525		2,525
Income tax expense					1,766		1,766
Net income (loss) attributable to stockholders					$(16,677)		$ (30,943)
Expenditures for property	$ 4,242	$ 1,345	$ 1,063	$ 343	$ 537	$ —	$ 7,530
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 5,910	$ 2,353	$ 700	$ 243	$ 808	$ —	$ 10,014
Equity in income (loss) of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ (6,183)	$ —	$ (6,183)
Equity income (loss), net of tax	$ (201)	$ 31	$ 354	$ —	$ 2	$ —	$ 186
Significant noncash charges (gains)							
Impairment charges related to investment in Ally Financial Common Membership Interests	$ —	$ —	$ —	$ —	$ 7,099	$ —	$ 7,099
Impairment charges related to investment in Ally Financial Preferred Membership Interests	—	—	—	—	1,001	—	1,001
Impairment charges related to equipment on operating leases	380	222	—	—	157	—	759
Impairment charges related to investments in NUMMI and CAMI	119	—	—	—	—	—	119
Other than temporary impairment charges related to debt and equity securities	47	—	—	—	15	—	62
Impairment charges related to goodwill	154	456	—	—	—	—	610
Impairment charges related to long-lived assets	411	497	94	8	—	—	1,010
Net curtailment gain related to finalization of Settlement Agreement	(4,901)	—	—	—	—	—	(4,901)
Salaried post-65 healthcare settlement	1,704	—	—	—	—	—	1,704
CAW settlement	340	—	—	—	—	—	340
Valuation allowances against deferred tax assets (a)	—	—	—	—	1,450	—	1,450
Total significant noncash charges (gains)	$ (1,746)	$ 1,175	$ 94	$ 8	$ 9,722	$ —	$ 9,253

(a) Amounts exclude changes related to income tax expense (benefit) in jurisdictions with a full valuation allowance throughout the period.

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$ 72,736	$10,351	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Canada and Mexico	10,195	2,773	4,682	3,031	3,486	5,943	12,983	5,898
GM Financial								
U.S.	279	46	—	—	—	—	—	—
Canada	2	1	—	—	—	—	—	—
Europe								
France	1,820	63	923	17	1,024	67	2,629	264
Germany	5,004	1,852	2,851	2,299	3,817	3,670	6,663	4,013
Italy	2,509	176	1,119	192	1,221	169	3,169	183
Spain	1,398	665	862	778	609	1,206	1,711	1,230
United Kingdom	5,253	761	2,531	815	2,749	1,189	7,142	1,066
Other European Countries	6,905	764	3,046	839	3,024	1,821	11,195	2,402
Asia								
Korea	7,301	1,519	3,014	982	2,044	1,941	7,131	2,115
Thailand	561	341	166	151	103	383	560	395
Other Asian Countries	482	74	575	47	435	347	1,098	309
South America								
Argentina	1,215	183	436	195	363	131	1,147	120
Brazil	9,513	1,425	4,910	1,142	3,347	1,081	8,329	890
Venezuela	1,130	47	850	46	981	43	2,107	43
Other South American Countries	3,220	166	1,136	157	984	102	2,653	72
All Other Geographic Locations	6,069	643	2,366	481	1,776	1,158	5,080	1,144
Total consolidated	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor				Predecessor			
	At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009		At and For the Year Ended December 31, 2008	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$ 73,015	$10,397	$28,007	$10,245	$21,152	$20,742	$ 75,382	$25,105
Non-U.S.	62,577	11,453	29,467	11,172	25,963	19,251	73,597	20,144
Total U.S. and non-U.S.	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993	$148,979	$45,249

Note 36. Supplemental Information for Consolidated Statements of Cash Flows

Consolidated

The following table summarizes the sources (uses) of cash provided by changes in other operating assets and liabilities (dollars in millions):

	Successor		Predecessor	
	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended December 31, 2008
Accounts receivable	$ (641)	$ 660	$ (268)	$ 1,315
Prepaid expenses and other deferred charges	299	315	1,416	(287)
Inventories	(2,229)	(315)	3,509	77
Accounts payable	2,259	5,363	(8,846)	(4,556)
Income taxes payable	51	401	606	1,044
Accrued liabilities and other liabilities	(92)	(3,225)	(6,815)	1,607
Fleet rental — acquisitions	(3,625)	(1,198)	(961)	(4,157)
Fleet rental — liquidations	2,997	1,371	1,130	5,051
Total	$ (981)	$ 3,372	$(10,229)	$ 94
Cash paid for interest — Automotive	$ 1,001	$ 618	$ 2,513	$ 2,484
Cash paid for interest — GM Financial	66			
Total cash paid for interest	$ 1,067			

* * * * * * *

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and our Vice Chairman and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2010. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2010.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP.

Our internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect our transactions and dispositions of our assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with U.S. GAAP, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the consolidated financial statements.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2010, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2010.

Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2010. The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Remediation and Changes in Internal Controls

In our 2009 Annual Report on Form 10-K, we identified a material weakness because we did not maintain effective controls over the period-end financial reporting process. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In 2009, significant activities were performed in remediating the material weakness. However, we were not able to sufficiently test the operating effectiveness of certain remediated internal controls given the limited time that controls were in operation. During 2010, management led various initiatives to further enhance our controls over period-end financial reporting, including training and enhanced procedures related to the preparation of the statement of cash flows, to help ensure controls over the period-end financial reporting process would operate as they had been designed and deployed during the 2009 material weakness remediation efforts. Based upon the actions taken and our testing and evaluation of the effectiveness of our internal controls, we have concluded the material weakness related to controls over the period-end financial reporting process no longer existed as of December 31, 2010.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Other than as previously discussed, there have not been any other changes in our internal control over financial reporting in the three months ended December 31, 2010, which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON
Daniel F. Akerson
Chairman and Chief Executive Officer

March 1, 2011

/s/ CHRISTOPHER P. LIDDELL
Christopher P. Liddell
Vice Chairman and Chief Financial Officer

March 1, 2011

Limitations on the Effectiveness of Controls

Our management, including our CEO and CFO, does not expect that our disclosure controls and procedures or internal control over financial reporting will prevent or detect all errors and all fraud. A control system cannot provide absolute assurance due to its inherent limitations; it is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. A control system also can be circumvented by collusion or improper management override. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of such limitations, disclosure controls and procedures and internal control over financial reporting cannot prevent or detect all misstatements, whether unintentional errors or fraud. However, these inherent limitations are known features of the financial reporting process, therefore, it is possible to design into the process safeguards to reduce, though not eliminate, this risk.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the year ended December 31, 2010						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$250	93	—	91	—	$252
Other investments and miscellaneous assets (receivables and other)	$ 7	—	14	14	—	$ 7
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —
For the Year Ended December 31, 2008						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$338	157	—	73	—	$422
Other investments and miscellaneous assets (receivables and other)	$ 14	—	29	—	—	$ 43

General Information

Common Stock

GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

Preferred Stock

4.75% GM Series B mandatory convertible junior preferred stock, $0.01 par value

Ticker symbol:
GM PR B - New York Stock Exchange

Annual Meeting

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Tuesday, June 7, 2011, in Detroit, Michigan.

Stockholder Assistance

Stockholders of record requiring information about their accounts should contact:
Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334 (from outside the United States, Canada or Puerto Rico).

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service (888-887-8945) and the Computershare website at *www.computershare.com/gm* are always available.

For other information, stockholders may contact:
GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

Electronic Delivery of Annual Meeting Materials

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at *www.computershare.com/gm*. If your GM stock is held through a broker, bank or other nominee, contact it directly.

Securities and Institutional Analyst Queries

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

Available Publications

GM's current Annual Report, Proxy Statement, Forms 10-K and 10-Q and *Winning With Integrity* (code of ethics) are available online at *www.gm.com/investors*.

Print copies may be requested on our website or from GM Stockholder Services at the address listed above.

Visit GM on the Internet

Learn more about the new General Motors vehicles and services on our website at *www.gm.com*.

GM Customer Assistance Centers

To request product information or to receive assistance with your vehicle, please contact the appropriate marketing unit:

Buick: 800-521-7300
Cadillac: 800-458-8006
Chevrolet: 800-222-1020
GMC: 800-462-8782

HUMMER: 866-486-6376
Oldsmobile: 800-442-6537
Pontiac: 800-762-2737
Saab: 800-955-9007
Saturn: 800-553-6000

GM of Canada: 800-263-3777
GM Mobility: 800-323-9935

Other Products and Services

GM Card: 800-846-2273
OnStar: 888-667-8277

Principal Office

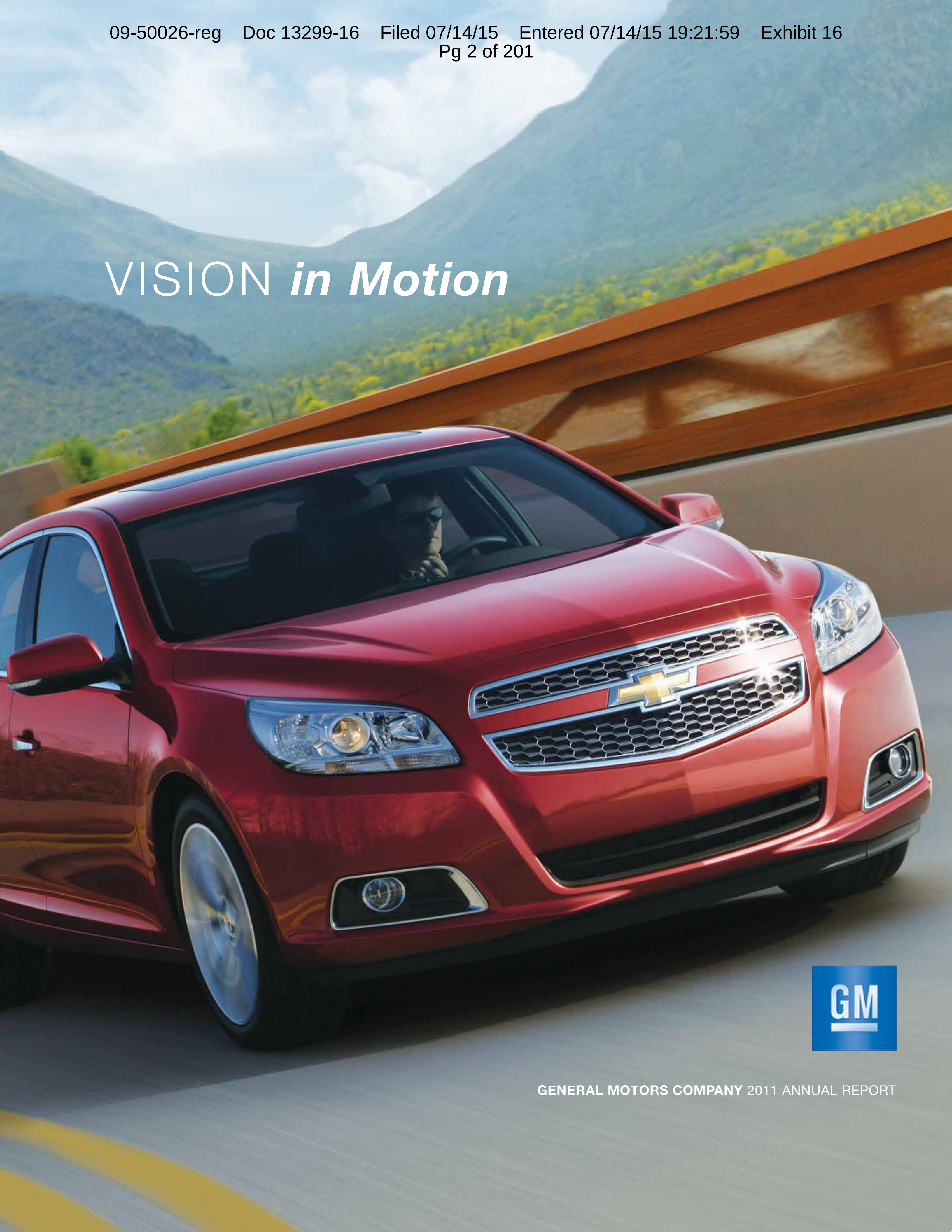
General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-556-5000

Printed in U.S.A.
10% post-consumer waste paper. Please recycle.

General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
www.gm.com

EXHIBIT 16

VISION *in Motion*



GENERAL MOTORS COMPANY 2011 ANNUAL REPORT

Every driver of a GM car, crossover or truck is a driver of our growth. We're putting our vision in motion by putting our customers first—executing our strategy to attract and delight more of them every day, all over the world.

Please go to www.gmannualreport.com to view our new online annual report—a view of our year, our strategy, our vehicles and more.

Dear Stockholder:

On behalf of all of us at today's General Motors, thank you for investing in GM. The team here has been working very hard to earn the business of customers around the world and to win the confidence of investors like you.

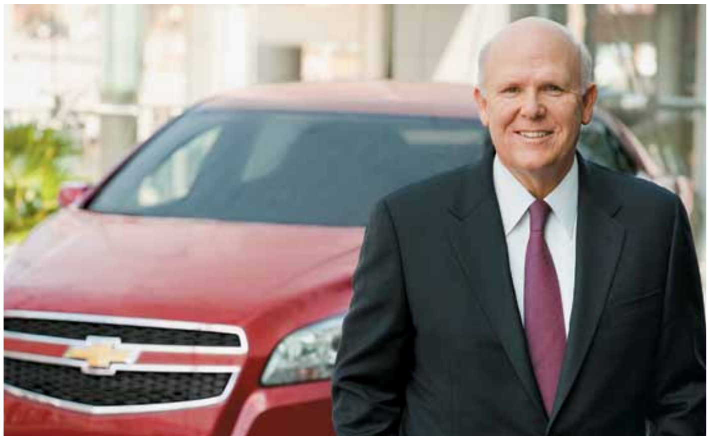
Your company is on the move once again. While there were highs and lows in 2011, our overall report card shows very solid marks, including record net income attributable to common stockholders of $7.6 billion and EBIT-adjusted income of $8.3 billion.

What's just as compelling to me is the story behind the numbers. It shows how we are addressing our challenges and positioning this company for sustained profitable growth around the world.

Here are just some of the highlights from 2011:

- GM increased its global market share by 0.4 percentage points from 2010 to 11.9 percent in 2011.
- GM's overall momentum, including a 13 percent sales increase in the United States, created new jobs and drove investments. We have announced investments in 29 U.S. facilities totaling more than $7.1 billion since July 2009, with more than 17,500 jobs created or retained.
- Our suppliers and dealers are investing for the future right alongside us. In fact, more than 3,400 dealerships in the United States are undergoing upgrades and renovations to improve the customer sales and service experience.
- In China, GM is the clear market leader and we continued to outpace the competition in 2011. Sales by GM and our joint venture partners increased more than 8 percent compared with 2010, and our market share was up 0.7 percentage points to 13.6 percent.
- We managed our way through the aftermath of the Japanese earthquake and tsunami without any material impact on our operations thanks to great teamwork between GM and our supplier partners.
- We sold our equity interest in Delphi Automotive and our preferred stock holdings in Ally Financial for a combined $4.8 billion to simplify and further strengthen our "fortress" balance sheet.
- GM and the UAW negotiated a new four-year labor agreement that protects our low break-even level in the United States, preserves our fortress balance sheet and creates a more transparent and aligned profit sharing plan. We are also giving employees the opportunity to benefit financially when they improve the initial quality of GM vehicles.
- We strengthened our global leadership team, with new leaders in finance, product development, human resources and other critical areas.

Both Moody's Investors Service and Standard & Poor's recognize just how far we've come, and have upgraded our corporate credit ratings to one notch below investment grade. Achieving investment grade status is something we will earn by remaining focused on our four guiding principles, and executing them with passion, relentless attention to detail and true accountability.



DANIEL F. AKERSON
Chairman & Chief Executive Officer

The four principles I'm talking about have not changed since GM's initial public offering:

Design, Build and Sell the World's Best Vehicles

This pillar is intended to keep the customer at the center of everything we do, and success is pretty easy to define. It means creating vehicles that people desire, value and are proud to own. When we get this right, it transforms our reputation and the company's bottom line.

Just look at the performance of the 2012 Chevrolet Cruze in the United States and compare it to the 2010 Chevrolet Cobalt. The average transaction price for a Cruze is about 28 percent higher, its projected resale value after three years is about 32 percent higher and it gets up to 14 percent better highway fuel economy, according to EPA estimates. This is the kind of success we plan to replicate every opportunity we get.

The Chevrolet Volt and Opel Ampera extended-range electric vehicles are two other great examples. Between them, they have won nearly every major product award, including both the North American and European Car of the Year. More meaningfully, a respected third-party survey found that nearly every Volt customer would buy the same car again. When the final word on these products is written, they are going to be viewed as milestones for the industry – not just for GM.

In 2012, we're moving even faster and more aggressively on the product front. In the United States, we will have all-new or redesigned cars and crossovers in segments that represent 60 percent of the retail light vehicle industry. This includes the new Cadillac XTS and ATS luxury sedans and the Chevrolet Spark minicar – all of which enter segments where we don't compete today.

Each of these new products is part of an aggressive cadence of more than 20 major vehicle launches around the world, including the Opel Mokka in Europe, the Chevrolet Sail in Asia and the Chevrolet Colorado in South America.

In some markets, these vehicles will help expand our leadership. In other regions, they will give us new momentum. In every market, they will be noticed.

Strengthen Brand Value

Clarity of purpose and consistency of execution are the cornerstones of our product strategy, and two brands will drive our global growth. They are Chevrolet, which embodies the qualities of value, reliability, performance and expressive design; and Cadillac, which creates luxury vehicles that are provocative and powerful. At the same time, the Holden, Buick, GMC, Baojun, Opel and Vauxhall brands are being carefully cultivated to satisfy as many customers as possible in select regions.

Grow Profitably Around the World

Between 2012 and 2016, industry analysts forecast growth of approximately 12.8 million units in just four large developing markets – Brazil, Russia, India and China. I believe that GM is clearly the best-positioned automaker to take advantage of the trend. We are the market leader in the United States and China; we are increasingly well-positioned in Russia, Brazil and India; and we have sizable operations throughout Europe, the rest of South America and Asia.

We are not yet reaping the full financial benefits of this scale. But we expect to – by taking decisive action to eliminate complexity and reduce cost. Delivering permanent solutions to these challenges is a priority for the leadership team, and I'll outline our plans to address them later in this letter.

Becoming far more efficient in our operations is a priority in order to fund our global growth. Today, roughly 70 percent of our sales are outside the United States and that percentage is expected to grow over time. Already, three of GM's five best-selling vehicles in 2011 – the Chevrolet Cruze, the Wuling Sunshine and the Wuling Rongguang – derived all or a significant share of their volume from China.

Maintain a Fortress Balance Sheet

We call our balance sheet a fortress because we want it to be impregnable so we can meet all of our obligations and create value even in the toughest economy.

We're already there in terms of reduced automotive debt, which was \$5.3 billion at the end of 2011, and we have built total liquidity of \$37.5 billion, including \$31.6 billion in cash and marketable securities. To keep the fortress balance sheet secure we are committed to maintaining minimal automotive debt and a low break-even level.

We continuously reinforce this strategy at all levels of the organization to make sure everyone understands the direct linkage between a strong balance sheet and a stable, robust product plan. A strong balance sheet enables us to invest in product development even during a down economic cycle. This allows us to take advantage of future growth opportunities when the economic cycle recovers. Over time, the incremental revenue generated by an optimized product plan is going to help us achieve another important objective, which is to return excess cash to stockholders.

As confident as we are in our plan, and with all that's going right, we still have a lot of work to do in 2012 and beyond. At the top of the list is fixing our businesses in Europe and South America.

We accomplished a lot in Europe in 2010 and 2011 with new products and concrete actions that reduced our break-even level. However, issues like industry-wide overcapacity and high fixed costs remain, and that left the business vulnerable as key economies got weaker.

While our issues in Europe have been intractable, they are not insurmountable. Our new leadership team in Europe is already finding creative opportunities to reduce costs and complexity, which is the aim of our alliance with PSA Peugeot Citroën. We'll continue to work on both revenue and cost opportunities until we have restored the region to consistent profitability.

We are also in the process of launching seven new vehicles in Brazil as part of a comprehensive strategy to return our South America region to profitability after a disappointing loss in 2011.

Another issue that we are aggressively managing is our U.S. pension liability. Our pension derisking is well underway. We ended the year with our qualified U.S. plans 88 percent funded; we have capped the number of hourly and salaried participants; our UAW contract contains no pension increase, and in September accrued benefits for the salaried employees who remain in the plan will be frozen.

All of these initiatives will help improve GM's EBIT-adjusted margins over time and will better leverage our global scale, which is one of our fundamental challenges.

Quite simply, we have too many vehicle and powertrain architectures relative to our global volume and customer needs. We have had too many ad agencies and media buyers for our tightly focused collection of brands, and I can cite many more examples of complexity and waste up and down and throughout the organization. Rest assured we are systematically rooting them out.

For example, we are implementing plans to reduce the number of vehicle and powertrain architectures by half in less than a decade, we have consolidated our global Chevrolet advertising account and GM's global media planning and buying services, and there's more to come as we change the culture of the organization to instill an unwavering commitment to peak performance.

This commitment to peak performance is part of a broader culture change underway at GM – change that goes a long way toward explaining why we accomplished so much in our first full year as a public company.

Each day the cultural change underway at GM becomes more striking. The old internally focused, consensus-driven and overly complicated GM is being reinvented brick by brick, by truly accountable executives who know how to take calculated risks and lead global teams that are committed to building the best vehicles in the world as efficiently as we can.

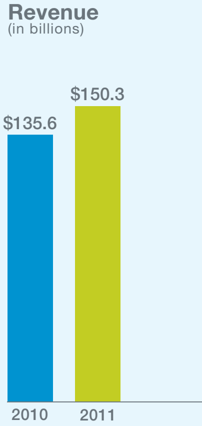
That's the crux of our plan. The plan is something we can control. We like the results we're starting to see and we're going to stick to it – always.

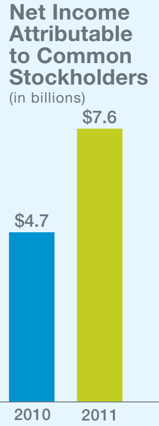
That's my commitment to you.

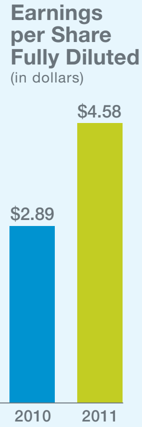
Sincerely,

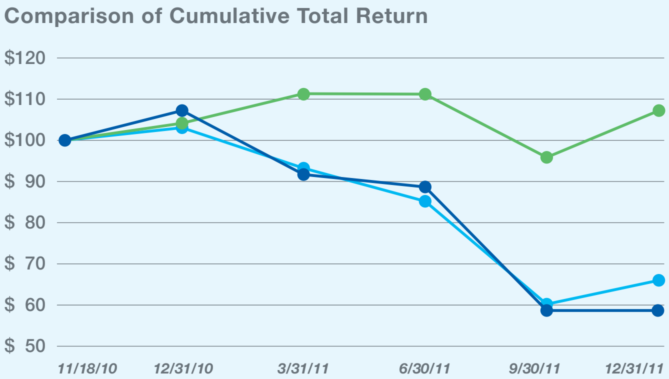
Daniel F. Akerson
Chairman & Chief Executive Officer

Highlights









	11/18/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
General Motors Company	$100	$108	$ 91	$ 89	$59	$ 59
S&P 500 Index	$100	$105	$112	$112	$96	$108
Ford	$100	$104	$ 92	$ 86	$60	$ 67

Source: Standard & Poor's Capital IQ
Notes: Assumes $100 invested on 11/18/10 in GM Common stock, in the S&P 500, and in Ford, with reinvestment of dividends.

VEHICLE SALES & NET REVENUE

(in millions, except per share & units)	2011	2010
VEHICLE SALES, INCLUDING JOINT VENTURES — (000'S UNITS)		
GMNA	2,924	2,625
GME	1,735	1,663
GMIO	3,302	3,072
GMSA	1,065	1,025
Worldwide Vehicle Sales	**9,026**	**8,385**
Worldwide Net Sales & Revenue	**$150,276**	**$135,592**
FINANCIAL RESULTS		
Earnings Before Interest and Income Taxes - Adjusted*	$ 8,304	$ 7,030
Net Income Attributable to Common Stockholders	$ 7,585	$ 4,668
Diluted Earnings Per Share	$ 4.58	$ 2.89
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
Total Automotive Liquidity		
Cash and Marketable Securities**	$ 31,647	$ 27,624
Credit Facilities	5,867	5,919
Total Automotive Liquidity	**$ 37,514**	**$ 33,543**
Key Automotive Obligations		
Debt	$ 5,295	$ 4,630
Underfunded U.S. Pension	14,213	12,388
Total Key Automotive Obligations	**$ 19,508**	**$ 17,018**
AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	$ 7,429	$ 6,589
Capital Expenditures	(6,241)	(4,200)
Automotive Free Cash Flow	**$ 1,188**	**$ 2,389**
EMPLOYMENT — YEAR END (000'S)		
GMNA	98	96
GME	39	40
GMIO	34	32
GMSA	33	31
GM Financial	3	3
Worldwide Employment	**207**	**202**

*Includes GM Financial on an Earnings Before Tax basis
** Cash includes Canadian Health Care Trust restricted cash

General Motors Company and Subsidiaries Reconciliation of Non-GAAP Measures

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Automotive free cash flow, which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Automotive free cash flow are considered non-GAAP financial measures.

Management believes these non-GAAP financial measures provide meaningful supplemental information regarding GM's operating results because they exclude amounts that management does not consider part of operating results when assessing and measuring the operational and financial performance of the organization. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. Accordingly, GM believes these non-GAAP financial measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

While management believes that these non-GAAP financial measures provide useful information, they are not operating measures under U.S. GAAP, and there are limitations associated with their use. GM's calculation of these non-GAAP financial measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their method of calculation. As a result, the use of these non-GAAP financial measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to common stockholders. Due to these limitations, these non-GAAP financial measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted to its most comparable U.S. GAAP measure (in millions):

	2011	2010
Operating segments		
GMNA (a)	$7,194	$5,688
GME (a)	(747)	(1,953)
GMIO (a)	1,897	2,262
GMSA (a)	(122)	818
GM Financial (b)	622	129
Total operating segments (b)	8,844	6,944
Corporate and eliminations	(540)	86
EBIT-adjusted (b)	**$8,304**	**$7,030**
Special items (c)	861	447
Corporate interest income	455	465
Automotive interest expense	540	1,098
Income tax expense (benefit)	(110)	672
Net income attributable to stockholders	**$9,190**	**$6,172**

(a) Interest and income taxes are recorded centrally in Corporate and therefore are not reconciling items for GM's automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.
(b) GM Financial amounts represent income before income taxes.
(c) The following summarizes the special items:

In the year ended December 31, 2011, special items included the following:
- Gain of $1.6 billion in GMNA related to the sale of GM's Class A Membership Interests in Delphi Automotive LLP;
- Goodwill impairment charges of $1.0 billion in GME and $258 million in GMIO;
- Gain of $749 million in GMNA related to Canadian Health Care Trust settlement;
- Impairment charges of $555 million in Corporate related to GM's investments in Ally Financial common stock;
- Gain of $339 million in Corporate related to the sale of 100% of the Ally Financial preferred stock;
- Charge of $106 million in GMIO related to GM's India joint venture; and
- Gain of $63 million in GMSA related to extinguishment of debt.

In the year ended December 31, 2010, special items included the following:
- Gain of $198 million in Corporate related to extinguishment of the VEBA Notes;
- Gain of $123 million in GME related to the sale of Saab Automobile AB to Spyker Cars NV;
- Gain of $66 million in GME related to the acquisition of General Motors Strasbourg S.A.S.; and
- Gain of $60 million in GMNA related to the sale of Nexteer Automotive Corporation, a manufacturer of steering components and half-shafts.

Financial Contents

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. As a result the table below for the year ended December 31, 2010 only provides data with respect to the fourth quarter of 2010.

Quarterly price ranges based on high and low prices from intraday trades of our common stock on the New York Stock Exchange, the principal market in which the stock is traded, are as follows:

	Year Ended December 31, 2011		Year Ended December 31, 2010	
	High	Low	High	Low
Quarter				
First	$39.48	$30.20	N/A	N/A
Second	$33.47	$28.17	N/A	N/A
Third	$32.08	$19.77	N/A	N/A
Fourth	$26.55	$19.00	$36.98	$33.07

Holders

At February 15, 2012 we had a total of 1.6 billion issued and outstanding shares of common stock held by 276 holders of record.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facility and other factors.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

(Dollars in millions except per share amounts)

	Successor			Predecessor		
	Year Ended December 31,		July 10, 2009 Through December 31,	January 1, 2009 Through July 9,	Year Ended December 31,	
	2011	2010	2009 (a)	2009	2008	2007
Income Statement Data:						
Total net sales and revenue (b)	$150,276	$135,592	$ 57,474	$ 47,115	$148,979	$179,984
Reorganization gains, net (c)	$ —	$ —	$ —	$128,155	$ —	$ —
Income (loss) from continuing operations	$ 9,287	$ 6,503	$ (3,786)	$109,003	$ (31,051)	$ (42,685)
Income from discontinued operations, net of tax	—	—	—	—	—	256
Gain on sale of discontinued operations, net of tax	—	—	—	—	—	4,293
Net income (loss)	9,287	6,503	(3,786)	109,003	(31,051)	(38,136)
Net (income) loss attributable to noncontrolling interests	(97)	(331)	(511)	115	108	(406)
Net income (loss) attributable to stockholders	$ 9,190	$ 6,172	$ (4,297)	$109,118	$ (30,943)	$ (38,542)
Net income (loss) attributable to common stockholders	$ 7,585	$ 4,668	$ (4,428)	$109,118	$ (30,943)	$ (38,542)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share: (d)						
Income (loss) from continuing operations attributable to common stockholders	$ 4.94	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ 4.94	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)	$ (68.12)
Diluted earnings (loss) per share: (d)						
Income (loss) from continuing operations attributable to common stockholders	$ 4.58	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (76.16)
Income from discontinued operations attributable to common stockholders	—	—	—	—	—	8.04
Net income (loss) attributable to common stockholders	$ 4.58	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)	$ (68.12)
Cash dividends per common share	$ —	$ —	$ —	$ —	$ 0.50	$ 1.00
Balance Sheet Data (as of period end):						
Total assets (b)	$144,603	$138,898	$136,295		$ 91,039	$148,846
Automotive notes and loans payable (e)(f)	$ 5,295	$ 4,630	$ 15,783		$ 45,938	$ 43,578
GM Financial notes and loans payable (b)	$ 8,538	$ 7,032				
Series A Preferred Stock (h)	$ 5,536	$ 5,536	$ 6,998		$ —	$ —
Series B Preferred Stock (i)	$ 4,855	$ 4,855	$ —		$ —	$ —
Equity (deficit) (g)	$ 38,991	$ 37,159	$ 21,957		$ (85,076)	$ (35,152)

(a) At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information.

(b) General Motors Financial Company, Inc. (GM Financial) was consolidated effective October 1, 2010.

(c) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (Bankruptcy Code) in the Bankruptcy Court, the 363 Sale of Old GM and certain of its direct and indirect subsidiaries (collectively the Sellers) and the application of fresh-start reporting. Refer to Note 32 to our consolidated financial statements for additional detail.

(d) In the year ended December 31, 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock is a participating security due to the applicable market value of our common stock being below $33.00 per common share. Refer to Note 26 to our consolidated financial statements for additional detail.

(e) In December 2008 Old GM entered into a loan agreement, as amended, with the United States Treasury (UST) in December 2008 (UST Loan Agreement), pursuant to which the UST agreed to provide a $13.4 billion borrowing facility.

(f) In December 2010 GM Korea Company (GM Korea) terminated $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

(g) Series A preferred stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

(h) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for $2.1 billion.

(i) Series B Preferred Stock was issued in a public offering in November and December 2010.

* * * * * * *

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this management's discussion and analysis of financial condition and results of operations (MD&A) for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM," and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in this MD&A, for the periods on or before July 9, 2009, as "Old GM" and is the predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this MD&A for the periods after July 10, 2009 as "MLC." On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

Presentation and Estimates

Basis of Presentation

This MD&A should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Prior Period Financial Statements Conformed to Current Period Presentation

We changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

In the year ended December 31, 2011 we have recorded foreign currency exchange gains and losses on debt as non-operating items. This is a change from prior period presentations in which foreign currency exchange gains and losses on debt were recorded in Automotive cost of sales. We have reclassified all the successor prior periods to conform to our current presentation. The effects of this reclassification decreased Automotive cost of sales and Interest income and other non-operating income, net by $24 million for the year ended December 31, 2010 and $65 million for the period July 10, 2009 through December 31, 2009.

Overview

Our Company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under the Bankruptcy Code. By commencing operations following the 363 Sale, we were able to take advantage of a competitive labor agreement with our unions, a restructured dealer network and a reduced and refocused brand strategy in the U.S. focused on four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange. In April 2011 in connection with MLC's distribution of warrants for our common stock to its unsecured creditors, we listed the warrants expiring July 10, 2016 and the warrants expiring July 10, 2019 on the New York Stock Exchange.

Automotive

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles with range extending capabilities such as the Chevrolet Volt. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers. Of our total 2011 vehicle sales volume, 72.3% was generated outside the U.S., including 43.4% from emerging markets, such as Brazil, Russia, India and China (collectively BRIC), which have recently experienced the industry's highest volume growth.

Our automotive business is organized into four geographically-based segments:

- GMNA, with sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean, represented 32.4% of our vehicle sales volume in 2011 and we had the largest market share in this market at 18.4%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 19.2% of our vehicle sales volume in 2011. In 2011 we had the number four market share in this market at 8.8%. GMIO distributes Chevrolet brand vehicles which, when sold in Europe, are included in GME vehicle sales volume and market share data.

- GMIO has sales, manufacturing and distribution operations in Asia-Pacific, Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others), Africa and the Middle East. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East is our largest segment by vehicle sales volume. GMIO represented 36.6% of our global vehicle sales volume including sales through our joint ventures in 2011. In 2011 we had the number two market share for this market at 9.5% and the number one market share in China. In 2011 GMIO derived 77.1% of its vehicle sales volume from China. GMIO records the financial results of Chevrolet brand vehicles that it distributes and sells in Europe.

- GMSA, with sales, manufacturing and distribution operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay represented 11.8% of our vehicle sales volume in 2011. In 2011 we had the largest market share for this market at 18.8% and the number three market share in Brazil. In 2011 GMSA derived 59.4% of its vehicle sales volume from Brazil.

Automotive Financing — GM Financial

GM Financial specializes in purchasing retail automobile installment sales contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers lease products through GM dealerships in connection with the sale of used and new automobiles that target customers with sub-prime and prime credit bureau scores. GM Financial primarily generates revenue and cash flows through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities (SPEs) that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio; and
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model.

Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi Corporation (Delphi) and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely, and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from Export Development Canada (EDC), a corporation wholly-owned by the government of Canada, under a loan and security agreement entered into in April 2009 (EDC Loan Facility).

As a condition to obtaining continued 2009 funding under the UST Loan Agreement, Old GM was required to submit a plan in February 2009 that included specific actions (Viability Plan) intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;

- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets: (1) debt reduction of at least two-thirds; (2) labor modifications to achieve an average compensation competitive with that of foreign-owned U.S. domiciled automakers, and; (3) modification of certain retiree healthcare obligations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009. Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan), the most significant of which included reducing Old GM's indebtedness and certain retiree healthcare (VEBA) obligations.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 (Chapter 11 Proceedings) of the Bankruptcy Code in the Bankruptcy Court.

In connection with the Chapter 11 Proceedings, Old GM entered into a secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility) and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	Funding and Funding Commitments	**Additional Notes Issued (a)**	**Total Obligation**
Description of Funding Commitment			
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of $3.9 billion that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009, we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM from the Sellers. The 363 Sale was consummated in accordance with a purchase agreement, dated June 26, 2009, as amended, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price we paid to Old GM equaled the sum of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of shares of our common stock and warrants to acquire newly issued shares of our common stock as presented in the following section entitled "Issuance of Common Stock, Preferred Stock and Warrants;" and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the purchase agreement, we are obligated to issue additional shares of our common stock (Adjustment Shares) to the GUC Trust following the dissolution of MLC in the event that allowed general unsecured claims against MLC, as approved by the Bankruptcy Court, exceed $35.0 billion. Refer to Note 20 to our consolidated financial statements for a description of the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion that Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the loan principal balance to $6.7 billion. We issued notes in the principal amount of $2.5 billion (VEBA Notes) to the UAW Retiree Medical Benefits Trust (New VEBA). Through our wholly-owned subsidiary General Motors of Canada Limited (GMCL), we also entered into the amended and restated loan agreement with EDC (Canadian Loan Agreement), as a result of which GMCL had a $1.3 billion term loan (Canadian Loan).

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Credit Agreement and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010 we used funds from our escrow account to repay in full the outstanding amount of the UST Credit Agreement of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. On October 26, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 17 to our consolidated financial statements for additional information on the UST Credit Agreement, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation, a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Common Stock	Series A Preferred Stock (b)
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a tranche of warrants to acquire 46 million shares of our common stock and MLC received two tranches of warrants, each to acquire 136 million shares of our common stock. Refer to Note 25 to our consolidated financial statements for additional description of warrants.

(b) Refer to Note 25 to our consolidated financial statements for a description of the Series A Preferred Stock.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. Refer to Note 18 to our consolidated financial statements for a description of the changes to these plans.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

ASC 852 is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement that they be reported separately. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Effect of Fresh-Start Reporting

The application of fresh-start reporting significantly affected certain assets, liabilities and expenses. As a result, certain financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Therefore, we did not combine certain financial information in the period July 10, 2009 through December 31, 2009 with Old GM's financial information in the period January 1, 2009 through July 9, 2009 for comparison to other periods. For the purpose of the following discussion, we have combined our Total net sales and revenue in the period July 10, 2009 through December 31, 2009 with Old GM's Total net sales and revenue in the period January 1, 2009 through July 9, 2009. Total net sales and revenue was not significantly affected by fresh-start reporting and therefore we combined Automotive Total net sales and revenue data comparing the Total net sales and revenue between years presented.

Total net sales and revenue is primarily comprised of revenue generated from the sales of vehicles, in addition to revenue from OnStar, our customer subscription service, vehicle sales accounted for as operating leases, sales of parts and accessories and GM Financial's loan purchasing and servicing activities.

Automotive cost of sales is primarily comprised of material, labor, manufacturing overhead, freight, foreign currency transaction and translation gains and losses, product engineering, design and development expenses, depreciation and amortization, policy and warranty costs, postemployment benefit costs, and separation and impairment charges. Prior to our application of fresh-start reporting on July 10, 2009, Automotive cost of sales also included gains and losses on derivative instruments. Effective July 10, 2009 gains and losses related to all nondesignated derivatives are recorded in Interest income and other non-operating income, net.

Automotive selling, general and administrative expense is primarily comprised of costs related to the advertising, selling and promotion of products, support services, including central office expenses, labor and benefit expenses for employees not considered part of the manufacturing process, consulting costs, rental expense for offices, bad debt expense and non-income based state and local taxes.

Focus on Chinese Market

We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick and Chevrolet brands. In the coming years, we plan to increasingly leverage our global architectures to increase the number of nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in Chinese markets through a number of joint ventures and maintaining good relations with our joint ventures partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

The following table summarizes our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs:

	Successor	
	December 31, 2011	December 31, 2010
Shanghai General Motors Co., Ltd. (SGM) (a)	49%	49%
Shanghai GM Norsom Motor Co., Ltd.	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd.	25%	25%
Shanghai GM Dong Yue Powertrain	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW) (b)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd.	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd.	33%	33%
SAIC General Motors Sales Co., Ltd.	49%	

(a) Ownership interest in SGM was 49% in the period February 1, 2010 through December 31, 2011 and 50% in the month of January 2010.

(b) Ownership interest in SGMW was 44% in the period November 16, 2010 through December 31, 2010 and 34% in the period January 1, 2010 through November 15, 2010.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009
Total wholesale vehicles (a)	2,573	2,348	1,824
Market share (b)	13.6%	12.8%	13.3%
Total net sales and revenue	$30,511	$25,395	$18,098
Net income	$ 3,203	$ 2,808	$ 1,636

	December 31, 2011	December 31, 2010
Cash and cash equivalents	$ 4,679	$ 5,247
Debt	$ 106	$ 61

(a) Including vehicles exported to markets outside of China.

(b) Market share for China market.

Automotive Financing Strategy

Our automotive financing strategy centers around ensuring that our dealers and customers have consistently available, transparent and competitive financing options throughout the business and credit cycles.

Historically Ally Financial, Inc. (Ally Financial) has provided a majority of the financing for our dealers and a significant portion of the financing for our customers in the U.S., Canada and other major international markets where we operate. Ally Financial historically has been our exclusive financing partner for incentivized retail financing programs in our major markets. Ally Financial continues to provide the majority of the financing needs of our dealers and customers.

The market disruption of 2008 and 2009 highlighted the need to ensure certainty of availability of credit throughout economic cycles in specific segments of the automotive financing market. In the U.S. and Canada we identified leasing and sub-prime lending as underserved areas that could benefit from increased financing sources and competition. In 2009 we partnered with a bank to offer incentivized leasing programs and with GM Financial to offer incentivized sub-prime retail financing in the U.S. We also partnered with a bank to offer incentivized retail financing programs in Canada.

In October 2010 we acquired GM Financial to further bolster our offerings in the leasing and sub-prime financing segments in the U.S. and Canada. We believe that by having our own capabilities in key segments of the market we will be able to achieve more competition and better service from the market, while ensuring certainty of availability through the business cycles.

In April 2011 GM Financial began originating leases for our customers in Canada. Given the importance of leasing and the current lack of availability of leasing offerings to our customers in the Canadian market (due to regulatory restrictions preventing banks and bank holding companies from offering leasing in Canada), we believe having a captive financing offering in Canada is strategically important to our business. GM Financial began originating leases for GM customers in Canada via FinanciaLinx Corporation in April 2011.

We will continue to expand the business of GM Financial in targeted areas, including wholesale lending, that we view as strategic and to otherwise evaluate opportunities in specific segments of the automotive financing market, both in the U.S. and internationally. We expect any expansion of GM Financial or any arrangements with other financing providers will complement our important relationship with Ally Financial.

Restructuring Activities

Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the closure of the Antwerp, Belgium facility. We expect to incur an additional $0.1 billion, primarily in 2012, to complete these programs, which will affect an additional 500 employees.

We implemented a voluntary separation program in Brazil in the three months ended December 31, 2011. A total of 900 employees participated in the program at a total cost of $0.1 billion. At December 31, 2011 a majority of the 900 employees have left the Company with the remainder expected to leave by March 31, 2012. All charges and liabilities related to this program were recorded in the three months ended December 31, 2011 as employees accepted offers.

Special Attrition Programs, Labor Agreements and Benefit Plan Changes

2011 GM-UAW Labor Agreement

In September 2011 we entered into a collectively bargained labor agreement with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The agreement covers the wages, hours, benefits and other terms and conditions of employment for our UAW represented employees. The key terms and provisions of the agreement are:

- Lump sum payments to eligible U.S. hourly employees of $5,000 were paid in October 2011 totaling $0.2 billion. Additional lump sum payments of $1,000 will be paid annually in June of 2012, 2013 and 2014 totaling $0.1 billion. These lump sum payments are being amortized over the four year agreement period.

- An annual payment of $250 per U.S. hourly employee upon attainment of specific U.S. vehicle quality targets.

- An increase in wages for certain entry level employees hired on or after October 1, 2007.

- A cash balance pension plan for entry level employees will be frozen on January 2, 2012 and terminated on June 30, 2012, or as soon as practicable thereafter, subject to required regulatory approvals. Participants in this plan and all employees hired on or after October 1, 2007 will participate in a defined contribution plan when this plan is frozen.

- A plan which provides legal services to U.S. hourly employees and retirees will be terminated on December 31, 2013. In September 2011 we remeasured this plan resulting in a decrease of $0.3 billion in the other postretirement benefits (OPEB) liability and a pre-tax increase in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.

- The profit sharing plan formula will be based on GMNA earnings before interest and taxes (EBIT) adjusted and is effective for the 2011 plan year. The profit sharing payment is capped at $12,000 per employee per year.

- Cash severance incentive programs which may range up to $0.1 billion for skilled trade employees will be included in our restructuring liability upon irrevocable acceptances by both parties.

- We plan to make additional manufacturing investments of more than $2.0 billion to create or retain more than 6,300 UAW jobs during the four year agreement period.

Canadian Health Care Trust

In October 2011 pursuant to a June 2009 agreement between GMCL and the Canadian Auto Workers Union (CAW) an independent Canadian Health Care Trust (HCT) was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of $749 million. Refer to Note 18 to our consolidated financial statements for further details regarding the implementation of the HCT.

Pensions

As part of our long-term derisking strategy, changes in the pension portfolio mix resulted in a decrease in the U. S. pension expected weighted-average rate of return on assets from 8.0% in 2011 to 6.5% for the hourly pension plan and 5.7% for the salary pension plan starting on January 1, 2012. GMNA pension income will decline by an estimated $0.8 billion in 2012, due to the reduced expected rate of return on plan assets of $1.4 billion, offset by net decreases to other components of pension expense of $0.6 billion, primarily interest cost.

2009 Special Attrition Programs

In 2009 Old GM announced special attrition programs for eligible UAW represented employees, offering cash and other incentives for individuals who elected to retire or voluntarily terminate employment.

U.S. Salaried Workforce Reductions

In 2009 U.S. salaried workforce reductions were accomplished primarily through a salaried retirement program or through a severance program funded from operating cash flows.

Delphi Benefit Guarantee Agreements

The Delphi Benefit Guarantee Agreements (DBGA) provided contingent benefit guarantees for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. DBGA were affected by the settlement of the Pension

Benefit Guarantee Corporation (PBGC) claims from the termination of the Delphi pension plan. We maintained the obligation to provide the difference between the pension benefits paid by the PBGC and those originally guaranteed by Old GM under the DBGA.

U.S. Salaried Benefit Changes

In January 2012 we amended the U.S. salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. Active plan participants will receive additional contributions in the defined contribution plan starting in October 2012.

In 2009 U.S. salaried benefit changes reduced the salaried life benefits and a negative amendment to the U.S. salaried retiree healthcare program reduced coverage and increased cost sharing.

2009 UAW Retiree Settlement Agreement

In 2009 Old GM and the UAW entered into an agreement which permanently shifted responsibility for providing retiree healthcare to the new plan funded by the New VEBA. Under the terms of the agreement, we are released from UAW retiree healthcare claims incurred after December 31, 2009.

At December 31, 2009 we accounted for the termination of our UAW hourly retiree medical plan as a settlement, and recorded a settlement loss of $2.6 billion.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, The International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communication Workers of America (IUE-CWA) and United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW). The approved settlement agreement resulted in remeasurements of the U.S. hourly defined benefit pension plan, the non-UAW hourly retiree healthcare plan and the U.S. hourly life plan to reflect the terms of the agreement. The settlement agreement was expressly conditioned upon and did not become effective until approved by the Bankruptcy Court in MLC's Chapter 11 proceedings, which occurred in November 2009. Several additional unions representing MLC hourly retirees joined the IUE-CWA and USW settlement agreement with respect to healthcare and life insurance. The remeasurement of these plans resulted in a decrease in a contingent liability accrual and an offsetting increase in the projected benefit obligation (PBO) or accumulated postretirement benefit obligation (APBO) of the benefit plan.

2009 CAW Agreement

In March 2009 members of the CAW ratified an agreement intended to reduce costs in Canada through introducing co-payments for healthcare benefits, increasing employee healthcare cost sharing, freezing pension benefits and eliminating cost of living adjustments to pensions for retired hourly workers. The 2009 CAW Agreement was conditioned on Old GM receiving longer term financial support from the Canadian and Ontario governments and those governments agreed to the terms of a loan agreement, approved the GMCL viability plan and provided funding to GMCL. The Canadian hourly defined benefit pension plan was remeasured in June 2009.

The CAW hourly retiree healthcare plan and the CAW retiree life plan were also remeasured in June 2009. Additionally, as a result of the termination of employees from the former Oshawa, Ontario truck facility, GMCL recorded a curtailment gain associated with the CAW hourly retiree healthcare plan.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations in 2011 because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

Refer to Note 2 to our consolidated financial statements for additional details regarding amounts pending government approval for settlement and the net assets of our Venezuelan subsidiaries. Refer to "Management's Discussion and Analysis — GM South America — GMSA EBIT (Loss)-Adjusted" for impact of Venezuela exchange restrictions on our operations.

Resolution of Delphi Matters

In October 2009 we consummated the transaction contemplated in the Delphi Master Disposition Agreement (DMDA) with Delphi and other parties. Under the DMDA, we agreed to acquire Nexteer Automotive Corporation (Nexteer) and four domestic facilities that manufacture steering systems and a variety of automotive components, primarily sold to us. We, along with several third party investors (collectively, the Investors), agreed to acquire substantially all of Delphi's remaining assets through Delphi Automotive LLP (New Delphi).

We agreed to acquire, prior to the consummation of the transactions contemplated by the DMDA, all Class A Membership Interests in New Delphi for a cash contribution of $1.7 billion with the Investors acquiring Class B Membership Interests. We and the Investors also agreed to establish: (1) a secured delayed draw term loan facility for New Delphi, with us and the Investors each committing to provide loans of up to $500 million; and (2) a note of $41 million to be funded at closing by the Investors. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the termination of the master restructuring agreement with limited exceptions, and established an ongoing commercial relationship with New Delphi. We agreed to continue all existing Delphi supply agreements and purchase orders for GMNA to the end of the related product program, and New Delphi agreed to provide us with access rights designed to allow us to operate specific sites on defined triggering events to provide us with protection of supply. Refer to Note 4 to our consolidated financial statements for further details on the acquisition of New Delphi Class A membership interests.

In separate agreements, we, Delphi and the PBGC negotiated the settlement of the PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC was granted a 100% interest in Class C Membership Interests in New Delphi which provides for the PBGC to participate in predefined equity distributions and received a payment of $70 million from us. We maintain certain obligations relating to Delphi hourly employees to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the DBGA.

In March 2011 we sold 100% of our Class A Membership Interests in New Delphi. Refer to Note 10 to our consolidated financial statements for details regarding the sale of our equity interests in New Delphi.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidated Results of Operations
(Dollars in Millions)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Net sales and revenue				
Automotive sales and revenue	$148,866	$135,311	$57,474	$ 47,115
GM Financial revenue	1,410	281	—	—
Total net sales and revenue	150,276	135,592	57,474	47,115
Costs and expenses				
Automotive cost of sales	130,386	118,768	56,316	55,814
GM Financial operating and other expenses	785	152	—	—
Automotive selling, general and administrative expense	12,105	11,446	6,006	6,161
Other automotive expenses, net	58	118	15	1,235
Goodwill impairment charges	1,286	—	—	—
Total costs and expenses	144,620	130,484	62,337	63,210
Operating income (loss)	5,656	5,108	(4,863)	(16,095)
Equity in income of and disposition of interest in Ally Financial	—	—	—	1,380
Automotive interest expense	540	1,098	694	5,428
Interest income and other non-operating income, net	851	1,531	375	852
Gain (loss) on extinguishment of debt	18	196	(101)	(1,088)
Reorganization gains, net	—	—	—	128,155
Income (loss) before income taxes and equity income	5,985	5,737	(5,283)	107,776
Income tax expense (benefit)	(110)	672	(1,000)	(1,166)
Equity income, net of tax and gain on disposal of investments	3,192	1,438	497	61
Net income (loss)	9,287	6,503	(3,786)	109,003
Net (income) loss attributable to noncontrolling interests	(97)	(331)	(511)	115
Net income (loss) attributable to stockholders	$ 9,190	$ 6,172	$ (4,297)	$109,118
Net income (loss) attributable to common stockholders	$ 7,585	$ 4,668	$ (4,428)	$109,118

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, expense and income taxes as well as certain additional amounts. Management does not consider these excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes. Such adjustments include impairment charges related to goodwill and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments. Management believes this measure allows it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT-adjusted is useful in allowing for greater transparency of our core operations and are therefore used by management in its financial and operational decision-making.

While management believes that EBIT-adjusted provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of EBIT-adjusted may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT-adjusted has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income (loss) or Net income (loss) attributable to stockholders. Due to these limitations, EBIT-adjusted is used as a supplement to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment. EBIT-adjusted is not presented for the period January 1, 2009 through July 9, 2009 as Old GM did not identify adjustments to EBIT during this period.

The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income (loss) attributable to stockholders and provides supplemental detail of the adjustments (dollars in millions):

	Successor						Predecessor	
	Year Ended December 31, 2011		Year Ended December 31, 2010		July 10, 2009 Through December 31, 2009		January 1, 2009 Through July 9, 2009	
Automotive								
EBIT-adjusted								
GMNA (a)	$7,194	93.6%	$ 5,688	82.4%	$(2,065)	130.3%	$ (11,092)	(9.8)%
GME (a)	(747)	(9.7)%	(1,953)	(28.3)%	(814)	51.4%	(2,815)	(2.5)%
GMIO (a)	1,897	24.7%	2,262	32.8%	789	(49.8)%	(486)	(0.4)%
GMSA (a)	(122)	(1.6)%	818	11.9%	417	(26.3)%	(454)	(0.4)%
Corporate and eliminations (b)	(540)	(7.0)%	86	1.2%	88	(5.6)%	128,044	113.1%
Total automotive EBIT-adjusted	7,682	100.0%	6,901	100.0%	(1,585)	100.0%	113,197	100.0%
Adjustments	861		447		(3,202)		—	
Corporate interest income	455		465		184		183	
Automotive interest expense	540		1,098		694		5,428	
Automotive Financing								
GM Financial income before income taxes	622		129					
Consolidated Income Taxes								
Income tax expense (benefit)	(110)		672		(1,000)		(1,166)	
Net income (loss) attributable to stockholders	$9,190		$ 6,172		$(4,297)		$109,118	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income (loss) attributable to stockholders.

(b) Includes Reorganization gains, net of $128.2 billion in the period January 1, 2009 through July 9, 2009.

	Successor					
	Year Ended December 31, 2011					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on sale of our New Delphi Class A Membership Interests	$ 1,645	$ —	$ —	$—	$ —	$ 1,645
Goodwill impairment charges	—	(1,016)	(258)	—	—	(1,274)
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555)	(555)
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to HKJV	—	—	(106)	—	—	(106)
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments	$ 2,394	$(1,016)	$(364)	$63	$(216)	$ 861

	Successor					
	Year Ended December 31, 2010					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on extinguishment of the VEBA Notes	$ —	$ —	$ —	$—	$ 198	$ 198
Gain on sale of Saab	—	123	—	—	—	123
Gain on acquisition of GMS	—	66	—	—	—	66
Gain on sale of Nexteer	60	—	—	—	—	60
Total adjustments	$ 60	$ 189	$ —	$—	$ 198	$ 447

	Successor					
	July 10, 2009 Through December 31, 2009					
	GMNA	GME	GMIO	GMSA	Corporate	Total
UAW OPEB health care settlement loss	$(2,571)	$ —	$ —	$—	$ —	$(2,571)
Impairment related to Ally Financial common stock	—	—	—	—	(270)	(270)
Charges related to Delphi	(83)	—	—	—	(177)	(260)
Loss on extinguishment of debt	(101)	—	—	—	—	(101)
Total adjustments	$(2,755)	$ —	$ —	$—	$(447)	$(3,202)

Total Net Sales and Revenue (Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%	Year Ended 2010 vs. 2009 Change Amount	%
GMNA	$ 90,233	$ 83,035	$ 56,617	$32,426	$24,191	$ 7,198	8.7%	$ 26,418	46.7%
GME	26,757	24,076	24,031	11,479	12,552	2,681	11.1%	45	0.2%
GMIO	24,761	20,561	14,345	8,127	6,218	4,200	20.4%	6,216	43.3%
GMSA	16,877	15,379	13,135	7,399	5,736	1,498	9.7%	2,244	17.1%
GM Financial	1,410	281				1,129	n.m.	281	n.m.
Total operating segments	160,038	143,332	108,128	59,431	48,697	16,706	11.7%	35,204	32.6%
Corporate and eliminations	(9,762)	(7,740)	(3,539)	(1,957)	(1,582)	(2,022)	(26.1)%	(4,201)	(118.7)%
Total net sales and revenue	$150,276	$135,592	$104,589	$57,474	$47,115	$14,684	10.8%	$ 31,003	29.6%

n.m. = not meaningful

In the year ended December 31, 2011 Total net sales and revenue increased by $14.7 billion (or 10.8%) due primarily to: (1) increased wholesale volumes of $8.6 billion representing 403,000 vehicles; (2) net foreign currency translation and remeasurement gains of $2.6 billion due to the strengthening of major currencies against the U.S. Dollar; (3) favorable vehicle pricing effect of $1.6 billion due to model year price increases and reduced sales allowances; (4) increased finance income of $1.1 billion due to the acquisition of GM Financial; (5) increased revenues from powertrain and parts sales of $1.1 billion due to increased volumes; (6) favorable vehicle mix of $0.6 billion; and (7) increased revenue of $0.4 billion due to the acquisition of General Motors Strasbourg S.A.S. (GMS); partially offset by (8) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

In the year ended December 31, 2010 Total net sales and revenue increased by $31.0 billion (or 29.6%) due primarily to: (1) increased wholesale sales volume of $21.8 billion representing 1.1 million vehicles; (2) favorable vehicle pricing effect of $3.7 billion; (3) favorable vehicle mix of $2.6 billion; (4) net foreign currency translation and remeasurement gains of $1.8 billion; (5) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (6) derivative losses of $0.8 billion in 2009 that did not recur in 2010; (7) increased revenues from OnStar of $0.3 billion; and (8) finance charge income of $0.3 billion due to the acquisition of AmeriCredit Corp. (AmeriCredit); partially offset by (9) devaluation of the BsF of $0.9 billion; and (10) decreased lease financing revenues of $0.3 billion related to the liquidation of the portfolio of automotive leases.

Automotive Cost of Sales

	Successor			Predecessor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%
Automotive cost of sales	$130,386	$118,768	$56,316	$55,814	$11,618	9.8%
Automotive gross margin	$ 18,480	$ 16,543	$ 1,158	$ (8,699)	$ 1,937	11.7%

GM

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, warranty and recall campaigns.

In the year ended December 31, 2011 Automotive cost of sales increased by $11.6 billion (or 9.8%), in line with Total net sales and revenue, due primarily to: (1) increased costs related to wholesale volume increases of $6.3 billion; (2) net foreign currency translation, remeasurement and transaction losses of $2.4 billion due to the strengthening of major currencies against the U.S. Dollar; (3) unfavorable vehicle mix of $2.3 billion; (4) increased material, freight and manufacturing costs of $1.7 billion due to higher commodity prices and to support new vehicle launches; (5) increased costs of $0.8 billion related to powertrain and parts sales; (6) increased engineering costs of $0.7 billion to support new product development; (7) revisions to restructuring reserves of $0.4 billion related to higher than planned employee utilization in 2010 which did not recur in 2011; and (8) increased costs of $0.3 billion due to the acquisition of GMS; partially offset by (9) decreased costs of $0.9 billion due to the sale of Nexteer in November 2010; (10) decreased depreciation and amortization expense of $0.8 billion related to the amortization of technology intangibles and impairment charges for long-lived assets; (11) a gain of $0.7 billion related to the settlement of the HCT in 2011; (12) decreased restructuring charges of $0.5 billion related to our European operations; and (13) increased net pension and OPEB income of $0.3 billion due to plan remeasurements.

In the year ended December 31, 2010 Automotive cost of sales included: (1) net restructuring charges of $0.6 billion; (2) net foreign currency translation and remeasurement losses of $0.4 billion; (3) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (4) impairment charges related to long-lived assets of $0.2 billion; partially offset by (5) net foreign currency transaction gains of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 Automotive cost of sales included: (1) a settlement loss of $2.6 billion related to the termination of our UAW hourly retiree medical plan; (2) net foreign currency translation and remeasurement losses of $0.8 billion; partially offset by (3) favorable adjustments of $1.3 billion due to the sell through of inventory acquired from Old GM at July 10, 2009; and (4) net foreign currency transaction gains of $0.1 billion.

As required under U.S. GAAP, the acquired inventory from Old GM on July 10, 2009 was recorded at fair value as of the acquisition date using a market participant approach, which for work in process and finished goods inventory considered the estimated selling price of the inventory less the costs a market participant would incur to complete, sell and dispose of the inventory, which may be different than our costs, and the profit margin required for its completion and disposal effort.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive cost of sales included: (1) incremental depreciation charges of $2.8 billion; (2) net restructuring charges of $1.6 billion; (3) a curtailment loss of $1.4 billion upon the interim remeasurement of the U.S. hourly defined benefit pension plans; (4) charges of $0.8 billion related to the deconsolidation of Saab Automobile AB (Saab); (5) net foreign currency remeasurement losses of $0.7 billion; (6) impairment charges related to long-lived assets of $0.6 billion; (7) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (8) net foreign currency transaction losses of $0.3 billion; and (9) charges of $0.3 billion related to obligations associated with various Delphi agreements.

In the period January 1, 2009 through July 9, 2009 negative gross margin reflected sales volumes at historically low levels and Automotive cost of sales, including costs that are fixed in nature, exceeding Total net sales and revenue.

Automotive Selling, General and Administrative Expense

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
Automotive selling, general and administrative expense	$12,105	$11,446	$6,006	$6,161	$659	5.8%

GM

In the year ended December 31, 2011 Automotive selling, general and administrative expense increased by $0.7 billion (or 5.8%) due primarily to: (1) increased advertising and sales promotion expenses of $0.5 billion to support media campaigns and new product launches; (2) net foreign exchange translation and remeasurement losses of $0.2 billion due to the strengthening of major currencies against the U.S. Dollar; and (3) charges of $0.1 billion related to a single customer's default under various commercial supply agreements; partially offset by (4) legal and other expenses of $0.1 billion primarily related to dealer litigation in 2010 which did not recur in 2011.

In the year ended December 31, 2010 Automotive selling, general and administrative expense included: (1) advertising and sales promotion expenses of $5.1 billion to support media campaigns for our products; (2) administrative expenses of $4.4 billion; and (3) selling and marketing expenses primarily related to dealerships of $1.4 billion.

In the period July 10, 2009 through December 31, 2009 Automotive selling, general and administrative expense included: (1) administrative expenses of $2.6 billion; (2) advertising and sales promotion expenses of $2.5 billion to support media campaigns for our products; and (3) selling and marketing expenses primarily related to dealerships of $1.0 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Automotive selling, general and administrative expense included: (1) charges of $0.5 billion recorded for dealer wind-down costs; and (2) a curtailment loss of $0.3 billion related to the interim remeasurement of the U.S. salary defined benefit pension plan; partially offset by (3) positive effects of various cost savings initiatives, the cancellation of certain sales and promotion contracts as a result of the Chapter 11 Proceedings in the U.S. and overall reductions in advertising and marketing expenditures.

Other Automotive Expenses, net

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
Other automotive expenses, net	$58	$118	$15	$1,235	$(60)	(50.8)%

GM

In the year ended December 31, 2011 Other automotive expenses, net was insignificant.

In the year ended December 31, 2010 Other automotive expenses, net included depreciation expense of $0.1 billion related to our portfolio of automotive retail leases.

In the period July 10, 2009 through December 31, 2009 Other automotive expenses, net included: (1) depreciation expense and realized losses of $89 million related to the portfolio of automotive retail leases; (2) pension management expenses of $38 million; partially offset by (3) gains for changes in liabilities related to Saab of $60 million; and (4) recovery of amounts written off of $51 million related to the portfolio of automotive retail leases.

Old GM

In the period January 1, 2009 through July 9, 2009 Other automotive expenses, net included: (1) charges of $0.8 billion primarily related to the deconsolidation of Saab; (2) charges of $0.2 billion related to Delphi; and (3) depreciation expense of $0.1 billion related to the portfolio of automotive retail leases.

Equity in Income of and Disposition of Interest in Ally Financial

Old GM

In the period January 1, 2009 through July 9, 2009 Equity in income of and disposition of interest in Ally Financial of $1.4 billion included: (1) gain of $2.5 billion recorded on the UST's conversion of the loan from the UST to purchase membership interests in Ally Financial (UST Ally Financial Loan) for Class B Membership Interests in Ally Financial; partially offset by (2) Old GM's proportionate share of Ally Financial's loss from operations on $1.1 billion.

Goodwill Impairment Charges

Goodwill impairment charges increased by $1.3 billion as we recorded charges of $1.0 billion and $0.3 billion in GME and GMIO. Refer to Note 12 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

Automotive Interest Expense

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	**Year Ended December 31, 2010**	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**	**Amount**	**%**
Automotive interest expense	$540	$1,098	$694	$5,428	$(558)	(50.8)%

GM

In the year ended December 31, 2011 Automotive interest expense decreased by $0.6 billion (or 50.8%) due primarily to: (1) decreased interest expense related to the UST Credit Agreement, Canadian Loan and VEBA Notes of $0.3 billion in 2010 which did not recur in 2011; and (2) decreased interest expense related to obligations with Ally Financial of $0.2 billion in 2010.

In the year ended December 31, 2010 Automotive interest expense included: (1) interest expense related to the UST Credit Agreement, Canadian Loan and VEBA Notes of $0.3 billion; (2) interest expense on obligations due to Ally Financial of $0.2 billion; and (3) interest expense on other debt obligations of $0.6 billion, which included amortization of debt discounts of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 Automotive interest expense included: (1) interest expense related to the UST Credit Agreement and Canadian Loan of $0.3 billion; (2) interest expense on obligations due to Ally Financial of $0.1 billion; and (3) interest expense on other debt obligations of $0.3 billion, which included amortization of debt discounts of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, Automotive interest expense included: (1) discount amortization related to the UST Loan Agreement and DIP Facility of $3.6 billion; (2) interest expense related to the UST Loan Agreement and DIP Facility of $0.4 billion; (3) interest expense related to the EDC Loan Facility of $0.2 billion; and (4) interest expense on other obligations of $1.2 billion related to Old GM's debt obligations including unsecured and contingent convertible debt obligations. Old GM ceased accruing and paying interest on most of its unsecured U.S. and foreign denominated debt on June 1, 2009 as a result of its Chapter 11 Proceedings.

Interest Income and Other Non-Operating Income, net

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	**Year Ended December 31, 2010**	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**	**Amount**	**%**
Interest income and other non-operating income, net	$851	$1,531	$375	$852	$(680)	(44.4)%

GM

In the year ended December 31, 2011 Interest income and other non-operating income, net decreased by $0.7 billion (or 44.4%) due primarily to: (1) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock; (2) reversal of the liability related to Adjustment Shares of $0.2 billion in 2010 which did not recur in 2011; (3) gains on the sale of Saab and Nexteer of $0.2 billion in 2010 which did not recur in 2011; and (4) a gain on the acquisition of GMS of $0.1 in 2010 which did not recur in 2011; partially offset by (5) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock.

In the year ended December 31, 2010 Interest income and other non-operating income, net included; (1) interest income earned from investments of $0.5 billion; (2) dividends and royalties of $0.2 billion; (3) rental income of $0.2 billion; (4) reversal of the liability related to the Adjustment Shares of $0.2 billion; (5) gain on sale of Saab and Nexteer of $0.2 billion; (6) gain on bargain purchase and the fair value of the recognizable assets acquired and liabilities assumed of $0.1 billion related to the acquisition of GMS; (7) gains on derivatives of $0.1 billion; and (8) Ally Financial exclusivity fee of $0.1 billion.

In the period July 10, 2009 through December 31, 2009 Interest income and other non-operating income, net included: (1) gains on derivatives of $0.3 billion; (2) interest income earned from investments of $0.2 billion; (3) rental and royalty income of $0.2 billion; partially offset by (4) liability recorded related to the Adjustment Shares of $0.2 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Interest income and other non-operating income, net included: (1) interest income earned from investments of $0.2 billion; (2) gains on derivatives of $0.2 billion related to the return of warrants issued to the UST; (3) rental and royalty income of $0.2 billion; (4) gains on foreign currency exchange derivatives of $0.1 billion; (5) dividends on the investment in Ally Financial Preferred Membership Interests of $0.1 billion; and (6) Ally Financial exclusivity fee income of $0.1 billion.

Gain (Loss) on Extinguishment of Debt

	Successor			Predecessor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%
Gain (loss) on extinguishment of debt	$18	$196	$(101)	$(1,088)	$(178)	(90.8)%

GM

In the year ended December 31, 2010 Gain on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Loss on extinguishment of debt included a loss of $2.0 billion related to the UST exercising its option to convert outstanding amounts of the UST Ally Financial Loan into shares of Ally Financial's Class B Common Membership Interests; partially offset by a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan.

Reorganization gains, net

Old GM

In the period January 1, 2009 through July 9, 2009 Reorganization gains, net of $128.2 billion included: (1) the gain on conversion of debt of $37.5 billion; (2) the change in net assets resulting from the application of fresh-start reporting of $33.8 billion; (3) the gain from the settlement of net liabilities retained by MLC of $25.2 billion; and (4) the fair value of Series A Preferred stock, common shares and warrants issued in connection with the 363 Sale of $20.5 billion.

Income Tax Expense (Benefit)

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
Income tax expense (benefit)	$(110)	$672	$(1,000)	$(1,166)	$(782)	n.m.

n.m. = not meaningful

GM

In the year ended December 31, 2011 Income tax benefit of $0.1 billion decreased by $0.8 billion compared to Income tax expense of $0.7 billion in 2010 due primarily to: (1) a $0.5 billion valuation allowance reversal in Australia; and (2) an increase in recognition of previously unrecognized tax benefits of $0.2 billion which included reductions to interest expense and associated valuation allowances.

In the year ended December 31, 2010 Income tax expense primarily resulted from current and deferred income tax provisions of $0.6 billion for profitable entities without valuation allowances, withholding taxes and taxable foreign exchange gains in Venezuela of $0.3 billion, partially offset by settlement of uncertain tax positions and reversal of valuation allowances of $0.3 billion.

In the period July 10, 2009 through December 31, 2009 Income tax benefit primarily resulted from a $1.4 billion income tax allocation between income (loss) from operations and Other comprehensive income (loss), partially offset by income tax provisions of $0.3 billion for profitable entities without valuation allowances. Our U.S. operations incurred losses from operations with no income tax benefit due to full valuation allowances against our U.S. deferred tax assets, and we had Other comprehensive income, due primarily to remeasurement gains on our U.S. pension plans. We recorded income tax expense related to the remeasurement gains in Other comprehensive income and allocated income tax benefit to operations.

Old GM

In the period January 1, 2009 through July 9, 2009 Income tax benefit primarily resulted from the reversal of valuation allowances of $0.7 billion related to Reorganization gains, net and the resolution of a transfer pricing matter of $0.7 billion with the U.S. and Canadian governments, partially offset by income tax provisions for profitable entities without valuation allowances.

Equity Income, Net of Tax and Gain on Disposal of Investments

	Successor			Predecessor	Year Ended 2011 vs. 2010 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%
China JVs	$1,511	$1,297	$460	$ 300	$ 214	16.5%
New Delphi (including gain on disposition)	1,727	117	(1)	—	1,610	n.m.
Others	(46)	24	38	(239)	(70)	n.m.
Total equity income, net of tax and gain on disposal of investments	$3,192	$1,438	$497	$ 61	$1,754	122.0%

n.m. = not meaningful

GM

In the year ended December 31, 2011 Equity income, net of tax and gain on disposal of investments increased by $1.8 billion (or 122.0%) due primarily to a gain of $1.6 billion related to the sale of our New Delphi Class A Membership Interests and increased equity income related to our China JVs of $0.2 billion.

In the year ended December 31, 2010 Equity income, net of tax and gain on disposal of investments included equity income of $1.3 billion related to our China JVs and equity income of $0.1 billion related to New Delphi.

In the period July 10, 2009 through December 31, 2009 Equity income, net of tax and gain on disposal of investments included equity income of $0.5 billion related to our China JVs.

Old GM

In the period January 1, 2009 through July 9, 2009 Equity income, net of tax and gain on disposal of investments included equity income of $0.3 billion related to our China JVs, partially offset by equity losses of $0.2 billion primarily related to impairment charges and our proportionate share of losses at other joint ventures.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Changes in Consolidated Financial Condition
(Dollars in Millions, Except Share Amounts)

	Successor December 31, 2011	Successor December 31, 2010
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 15,499	$ 21,061
Marketable securities	16,148	5,555
Restricted cash and marketable securities	206	1,240
Accounts and notes receivable (net of allowance of $331 and $252)	9,949	8,699
Inventories	14,324	12,125
Equipment on operating leases, net	2,464	2,568
Other current assets and deferred income taxes	1,657	1,805
Total current assets	60,247	53,053
Automotive Non-current Assets		
Restricted cash and marketable securities	912	1,160
Equity in net assets of nonconsolidated affiliates	6,790	8,529
Property, net	22,957	19,235
Goodwill	27,741	30,513
Intangible assets, net	10,013	11,882
Other assets and deferred income taxes	2,900	3,594
Total non-current assets	71,313	74,913
Total Automotive Assets	131,560	127,966
GM Financial Assets		
Finance receivables, net	9,162	8,197
Restricted cash	1,115	1,090
Goodwill	1,278	1,265
Other assets	1,488	380
Total GM Financial Assets	13,043	10,932
Total Assets	$144,603	$138,898
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 24,494	$ 21,497
Short-term debt and current portion of long-term debt	1,682	1,616
Accrued liabilities	22,756	24,044
Total current liabilities	48,932	47,157
Automotive Non-current Liabilities		
Long-term debt	3,613	3,014
Postretirement benefits other than pensions	6,836	9,294
Pensions	25,075	21,894
Other liabilities and deferred income taxes	12,336	13,021
Total non-current liabilities	47,860	47,223
Total Automotive Liabilities	96,792	94,380
GM Financial Liabilities		
Securitization notes payable	6,938	6,128
Credit facilities	1,099	832
Other liabilities	783	399
Total GM Financial Liabilities	8,820	7,359
Total Liabilities	105,612	101,739
Commitments and contingencies		
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2011 and 2010)	5,536	5,536
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2011 and 2010)	4,855	4,855
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,564,727,289 shares and 1,500,136,998 shares issued and outstanding at December 31, 2011 and 2010)	16	15
Capital surplus (principally additional paid-in capital)	26,391	24,257
Retained earnings	7,183	266
Accumulated other comprehensive income (loss)	(5,861)	1,251
Total stockholders' equity	38,120	36,180
Noncontrolling interests	871	979
Total Equity	38,991	37,159
Total Liabilities and Equity	$144,603	$138,898

Automotive

Current Assets

Marketable securities increased by $10.6 billion (or 190.7%) due to our improved liquidity primarily related to positive operating cash flows and proceeds received from the sale of our investments in New Delphi and Ally Financial.

Restricted cash and marketable securities decreased by $1.0 billion (or 83.4%) due primarily to the release of restricted cash escrow funds of $1.0 billion, of which $0.8 billion was used to fund a payment to the HCT and the $0.2 billion remaining funds held in escrow were no longer subject to restrictions and released to us.

Accounts and notes receivable increased by $1.3 billion (or 14.4%) due primarily to: (1) the termination and modification of wholesale advance agreements with Ally Financial in GMNA, which provided for accelerated receipt of payment on dealer sales financed through Ally Financial of $1.1 billion; and (2) increase of $0.2 billion due to increased sales volume.

Inventories increased by $2.2 billion (or 18.1%) due primarily to: (1) increased raw materials and finished products of $2.4 billion in anticipation of forecasted demand, new product launches and vehicles returned from lease and not yet sold at auction; partially offset by (2) net foreign currency translation of $0.4 billion due to the weakening of major currencies against the U.S. Dollar.

Non-Current Assets

Equity in net assets of nonconsolidated affiliates decreased by $1.7 billion (or 20.4%) due primarily to: (1) a decrease of $2.0 billion resulting from the sale of our interest in New Delphi; and (2) dividends declared in 2011 of $1.4 billion primarily by the China JVs; partially offset by (3) equity income of $1.5 billion related to our China JVs.

Property, net increased by $3.7 billion (or 19.4%) due primarily to: (1) capital expenditures of $7.8 billion; and (2) new capital leases of $0.4 billion; partially offset by (3) depreciation of $3.7 billion; (4) net foreign currency translation of $0.5 billion due to the weakening of major currencies against the U.S. Dollar; (5) decreases of $0.2 billion associated with disposals; and (6) decreases of $0.1 billion associated with the deconsolidation of VM Motori (VMM).

Goodwill decreased by $2.8 billion (or 9.1%) due primarily to: (1) impairment charges of $1.5 billion in GME recorded in retained earnings; and (2) impairment charges of $1.3 billion in GME and GMIO.

Intangible assets, net decreased by $1.9 billion (or 15.7%) due primarily to: (1) amortization of $1.8 billion; and (2) net foreign currency translation of $0.1 billion due to the weakening of major currencies against the U.S. Dollar.

Other assets and deferred income taxes decreased by $0.7 billion (or 19.3%) due primarily to: (1) the sale of our investment in Ally Financial preferred stock of $0.7 billion; and (2) the impairment of our investment in Ally Financial common stock of $0.6 billion; partially offset by (3) an increase in net deferred tax assets of $0.2 billion; and (4) an increase in derivative assets of $0.1 billion.

Current Liabilities

Accounts payable increased by $3.0 billion (or 13.9%) due primarily to: (1) higher payables of $1.9 billion for materials due to increased production volumes and higher production costs; (2) an increase in accounts payable for capital projects of $1.4 billion as we prepare for new vehicle launches; and (3) an increase in engineering and product development payables of $0.1 billion; partially offset by (4) net foreign currency translation of $0.8 billion due to the weakening of major currencies against the U.S. Dollar.

Short-term debt and current portion of long-term debt increased by $0.1 billion (or 4.1%) due primarily to: (1) reclassifications from long-term debt to short-term debt for payments to be made in the next 12 months of $1.0 billion; and (2) net increases to short-term facilities with original maturities less than 90 days of $0.1 billion; partially offset by (3) payments on debt of $1.1 billion.

Non-Current Liabilities

Long-term debt increased by $0.6 billion (or 19.9%) due primarily to: (1) issuance of notes to the HCT of $1.1 billion; (2) net increases to capital leases of $0.3 billion; and (3) amortization of debt discounts of $0.2 billion; partially offset by (4) reclassifications of long-term debt to short-term debt for payments to be made in the next 12 months of $1.0 billion.

Postretirement benefits other than pensions liability decreased by $2.5 billion (or 26.4%) primarily in GMNA due to: (1) settlement of the CAW retiree healthcare liability of $2.9 billion; (2) benefit payments of $0.6 billion; and (3) remeasurement of a U.S. hourly legal service plan of $0.3 billion; partially offset by (4) actuarial losses primarily from discount rate decreases of $0.9 billion; and (5) service and interest costs of $0.5 billion.

Pension liabilities increased by $3.2 billion (or 14.5%) due primarily to: (1) net actuarial losses of $10.0 billion; partially offset by (2) gains from asset returns greater than expected of $3.3 billion related to U.S. plans; (3) contributions and benefits payments of $2.8 billion, including contributions of common stock to our U.S. hourly and salaried pension plans of $1.9 billion; (4) expected return on assets in excess of service and interest costs of $0.5 billion; and (5) net foreign currency translation of $0.2 billion due to the weakening of major currencies against the U.S. Dollar.

Automotive Financing

Total GM Financial Assets

Finance receivables, net increased by $1.0 billion (or 11.8%) due primarily to new loan originations of $5.1 billion partially offset by principal collections, gross charge offs and the change in the carrying amount adjustment on pre-acquisition receivables of $4.0 billion.

Other assets increased by $1.1 billion (or 291.6%) due primarily to an increase in new leased vehicles of $0.7 billion and an increase in cash and cash equivalents of $0.4 billion.

Total GM Financial Liabilities

Securitization notes payable increased by $0.8 billion (or 13.2%) due primarily to the issuance of new securitization notes payable of $4.6 billion partially offset by a normal principal amortization of $3.7 billion.

Credit facilities increased by $0.3 billion (or 32.1%) due primarily to higher utilization of the credit facilities as a result of an increase in loan and lease originations.

Other liabilities increased by $0.4 billion (or 96.2%) due primarily to the issuance of 6.75% senior notes of $0.5 billion in June 2011.

GM North America
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
						Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%	Amount	%
Total net sales and revenue	$90,233	$83,035	$56,617	$32,426	$ 24,191	$7,198	8.7%	$26,418	46.7%
EBIT (loss)-adjusted	$ 7,194	$ 5,688		$ (2,065)	$(11,092)	$1,506	26.5%		

GMNA Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $7.2 billion (or 8.7%) due primarily to: (1) increased wholesale volumes of $7.3 billion representing 299,000 vehicles (or 10.3%) due to increased industry demand and successful recent vehicle launches such as the Chevrolet Cruze, Chevrolet Equinox and GMC Terrain; (2) favorable vehicle pricing of $1.1 billion; (3) increased revenues from Customer Care and Aftersales of $0.4 billion due to increased volumes; and (4) favorable net foreign currency remeasurement of $0.3 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; partially offset by (5) unfavorable vehicle mix of $1.1 billion; and (6) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

In the year ended December 31, 2010 Total net sales and revenue increased by $26.4 billion (or 46.7%) due primarily to: (1) increased wholesale volumes of $19.8 billion representing 873,000 vehicles (or 42.7%) due to an improving economy and successful recent vehicle launches of the Chevrolet Equinox, Chevrolet Cruze, GMC Terrain, Buick LaCrosse and Cadillac SRX; (2) favorable pricing of $2.9 billion due to decreased sales allowances partially offset by less favorable adjustments in the U.S. to the accrual for U.S. residual support programs for leased vehicles of $0.4 billion (favorable of $0.7 billion in the year ended December 31, 2010 compared to favorable of $1.1 billion in 2009); (3) favorable vehicle mix of $1.6 billion due to increased crossover and truck sales; (4) increased sales of $1.0 billion due to the acquisition of Nexteer and four domestic component manufacturing facilities; (5) favorable net foreign currency remeasurement of $0.8 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; and (6) increased revenues from OnStar of $0.3 billion due to increased volumes.

GMNA EBIT (Loss)-Adjusted

In the year ended December 31, 2011 EBIT-adjusted increased by $1.5 billion (or 26.5%) due primarily to: (1) increased net wholesale volumes of $1.9 billion due to increased industry demand and successful recent vehicle launches; (2) favorable vehicle pricing effect of $1.1 billion; (3) decreased amortization expense of $0.7 billion due to the effect of double-declining amortization of technology intangibles which were recorded on July 10, 2009 and impairment charges for long-lived assets in 2010; (4) favorable foreign currency remeasurement of $0.5 billion due to the weakening of the Canadian Dollar against the U.S. Dollar; and (5) increase in net pension and OPEB income of $0.3 billion due to December 31, 2010 plan remeasurements; partially offset by (6) unfavorable net vehicle mix of $1.8 billion; (7) increased engineering expense and other technology fees of $0.5 billion to support new product development; (8) increased material prices and freight of $0.4 billion; and (9) reduction in favorable adjustments of $0.4 billion to restructuring reserves due to increased production capacity utilization and revisions to productivity initiatives in 2010.

In the year ended December 31, 2010 EBIT-adjusted was $5.7 billion and included: (1) favorable adjustments of $0.4 billion to restructuring reserves due primarily to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives; offset by (2) advertising and sales promotion expenses of $3.4 billion to support media campaigns for our products; (3) administrative expenses of $2.0 billion; (4) selling and marketing expenses of $0.6 billion related to our dealerships; (5) foreign currency remeasurement losses of $0.5 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; (6) charges of $0.2 billion for a recall campaign on windshield fluid heaters; and (7) impairment charges related to long-lived assets of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was a loss of $2.1 billion and included: (1) foreign currency remeasurement losses of $1.3 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; (2) charges of $0.3 billion related to dealer wind-down costs for our Saturn dealers after plans to sell the Saturn brand and dealerships network were terminated; partially offset by (3) favorable adjustments in Automotive cost of sales of $0.7 billion due to the sell through of inventory acquired from Old GM at July 10, 2009.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $11.1 billion and included: (1) incremental depreciation charges of $2.1 billion for facilities included in GMNA's restructuring activities and for certain facilities that MLC retained; (2) curtailment loss of $1.7 billion upon the interim remeasurement of the U.S. hourly and U.S. salaried defined benefit pension plans as a result of the 2009 Special Attrition Programs and salaried workforce reductions; (3) U.S. hourly and salary separation program charges and Canadian restructuring activities of $1.1 billion; (4) foreign currency remeasurement losses of $0.7 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; (5) charges of $0.5 billion incurred for dealer wind-down costs; (6) derivative losses of $0.5 billion related to commodity and foreign currency exchange derivatives; (7) a net charge of $0.4 billion related to the modification of UAW job security programs; (8) charges of $0.4 billion primarily for impairments of long-lived assets; (9) charges of $0.3 billion related to obligations associated with various Delphi agreements; and (10) equity losses of $0.3 billion related to impairment charges and our proportionate share of losses at joint ventures.

GM Europe
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%	Year Ended 2010 vs. 2009 Change Amount	%
Total net sales and revenue	$26,757	$24,076	$24,031	$11,479	$12,552	$2,681	11.1%	$45	0.2%
EBIT (loss)-adjusted	$ (747)	$ (1,953)		$ (814)	$ (2,815)	$1,206	61.8%		

GME Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $2.7 billion (or 11.1%) due primarily to: (1) favorable foreign currency translation effect of $1.1 billion, due to the strengthening of the Euro, British Pound and Swiss Franc against the U.S. Dollar; (2) favorable vehicle mix of $1.1 billion due to the new generation Opel Meriva and Opel Astra and increased sales of other higher priced vehicles; (3) revenue from GMS of $0.4 billion, which we acquired in 2010; (4) increased powertrain engine and transmission sales of $0.3 billion, in support of the Chevrolet Cruze and Chevrolet Volt; (5) increased components sales of $0.2 billion; and (6) increased volumes of $0.1 billion due primarily to a 16,000 vehicles (or 1.3%) increase in wholesales; partially offset by (7) a reduction in Saab brand sales of $0.2 billion related to the sale of Saab in 2010; and (8) a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011.

In the year ended December 31, 2010 Total net sales and revenue increased by $45 million (or 0.2%) due primarily to: (1) increased volumes of $0.3 billion due primarily to a 38,000 vehicles (or 3.1%) increase in wholesales, which included a decrease of $0.5 billion representing 17,000 vehicles due to the sale of Saab in February 2010; (2) favorable vehicle mix of $0.5 billion due to the Opel Insignia and increased sales of other higher priced vehicles; (3) favorable vehicle pricing effect of $0.5 billion due to launches of the Opel Astra and Opel Meriva; partially offset by (4) unfavorable net foreign currency translation effect of $0.7 billion, due to the weakening of the Euro and British Pound against the U.S. Dollar.

GME EBIT (Loss)-Adjusted

GM

In the year ended December 31, 2011 EBIT (loss)-adjusted decreased by $1.2 billion (or 61.8%) due primarily to: (1) higher restructuring charges of $0.5 billion recorded in 2010 for separation programs in Belgium, Spain, Germany and the United Kingdom; (2) decreased manufacturing costs of $0.3 billion related to the closing of the Antwerp, Belgium facility and European wide labor savings; (3) favorable net vehicle mix of $0.2 billion; (4) an increase of $0.2 billion in an embedded foreign currency exchange derivative asset associated with a long-term supply agreement entered into in 2010; (5) EBIT-adjusted from GMS of $0.1 billion; offset by (6) unfavorable net foreign currency effects of $0.1 billion; and (7) charges of $0.1 billion related to a single customer's default under various commercial supply agreements.

In the year ended December 31, 2010 EBIT-adjusted was a loss of $2.0 billion and included: (1) restructuring charges of $0.8 billion related to separation programs in Belgium, Spain, Germany and the United Kingdom; (2) advertising and sales promotion expenses of $0.8 billion related to support media campaigns for our products; (3) administrative expense of $0.6 billion; and (4) selling and marketing expenses of $0.5 billion related to our dealerships.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was a loss of $0.8 billion and included: (1) advertising and sales promotion expenses of $0.4 billion related to support media campaigns for our products; (2) administrative expense of $0.3 billion; (3) selling and marketing expenses of $0.3 billion related to our dealerships; partially offset by (4) favorable adjustments in Automotive cost of sales of $0.5 billion due to the sell through of inventory acquired from Old GM at July 10, 2009.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $2.8 billion and included: (1) charges of $0.8 billion related to the deconsolidation of Saab, which filed for reorganization protection under the laws of Sweden in February 2009; (2) incremental depreciation charges of $0.7 billion related to restructuring activities; and (3) operating losses of $0.2 billion related to Saab.

GM International Operations
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor	Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%	Amount	%
Total net sales and revenue	$24,761	$20,561	$14,345	$8,127	$6,218	$4,200	20.4%	$6,216	43.3%
EBIT (loss)-adjusted	$ 1,897	$ 2,262		$ 789	$ (486)	$ (365)	(16.1)%		

GMIO Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $4.2 billion (or 20.4%) due primarily to: (1) increased wholesale volume of $2.7 billion representing 113,000 vehicles due to strong industry growth across the region; (2) favorable net foreign currency translation of $0.8 billion due to the strengthening of major currencies such as the Australian Dollar, the Korean Won and the Euro against the U.S. Dollar; (3) favorable vehicle mix of $0.5 billion due to launches of the Alpheon and Chevrolet Orlando; and (4) favorable vehicle pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives.

In the year ended December 31, 2010 Total net sales and revenue increased by $6.2 billion (or 43.3%) due primarily to: (1) increased wholesale volumes of $3.9 billion representing 118,000 vehicles (or 11.8%) due to the global economic recovery; (2) favorable net foreign currency translation effect of $0.9 billion, due to the strengthening of the Korean Won, Australian Dollar and South African Rand against the U.S. Dollar; (3) favorable vehicle mix of $0.8 billion due to the launch of the Chevrolet Cruze and increased sales of sports utility vehicles; (4) derivative losses of $0.8 billion in the period January 1, 2009 through July 9, 2009, that did not recur in 2010, due to the weakening of the Korean Won against the U.S. Dollar; and (5) favorable vehicle pricing effect of $0.1 billion, due to higher pricing on new model launches at GM Korea. Subsequent to July 10, 2009, all gains and losses on non-designated derivatives were recorded in Interest income and other non-operating income, net.

The vehicle sales related to our China and India (Our operations in India were deconsolidated effective February 2010) joint ventures is not reflected in Total net sales and revenue. The results of our joint ventures are recorded in Equity income, net of tax and gain on disposal of investments.

GMIO EBIT (Loss)-Adjusted

GM

In the year ended December 31, 2011 EBIT-adjusted decreased by $0.4 billion (or 16.1%) due primarily to: (1) increased engineering expenses and other technology fees of $0.5 billion to support new product development; (2) increased material, depreciation and amortization and other manufacturing costs of $0.3 billion; (3) unfavorable net vehicle mix of $0.2 billion; (4) increased advertising and sales promotion expenses of $0.2 billion to support media campaigns for launches of new products and the launch of the Chevrolet brand in Korea; (5) unfavorable net foreign currency translation of $0.1 billion; partially offset by (6) favorable net wholesale volumes of $0.5 billion; (7) favorable pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives; (8) increased equity income, net of tax, $0.2 billion from the operating results of our China JVs; and (9) decreased non-controlling interest attributable to minority shareholders of $0.2 billion.

In the year ended December 31, 2010 EBIT-adjusted was $2.3 billion and included: (1) Equity income, net of tax and gain on disposal of investments of $1.3 billion; (2) favorable change in fair value of $0.1 billion from derivatives due to the strengthening Korean Won versus the U.S. Dollar; partially offset by (3) administrative expenses of $0.8 billion; (4) advertising and sales promotion expenses of $0.6 billion to support media campaigns for our products; (5) unfavorable non-controlling interest attributable to minority shareholders of $0.3 billion; and (6) selling and marketing expenses of $0.2 billion.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was $0.8 billion and included: (1) favorable effect of fresh-start reporting of $0.4 billion due to decreased depreciation of fixed assets of $0.3 billion and reduced Automotive cost of sales due to the sell through of inventory acquired from Old GM at July 10, 2009 of $ 0.1 billion; partially offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion; (4) selling and marketing expenses of $0.1 billion; and (5) unfavorable amortization of $0.1 billion related to intangible assets.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $0.5 billion and included: (1) derivative losses of $0.8 billion at GM Korea; (2) administrative expenses of $0.4 billion; (3) advertising and sales promotion expenses of $0.2 billion; partially offset by (4) Equity income, net of tax and gain on disposal of investments of $0.3 billion; and (5) favorable effect of $0.1 billion related to the net loss attributable to minority shareholders.

GM South America
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor	Year Ended 2011 vs. 2010 Change		Year Ended 2010 vs. 2009 Change	
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Amount	%	Amount	%
Total net sales and revenue	$16,877	$15,379	$13,135	$7,399	$5,736	$1,498	9.7%	$2,244	17.1%
EBIT (loss)-adjusted	$ (122)	$ 818		$ 417	$ (454)	$ (940)	n.m.		

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2011 Total net sales and revenue increased by $1.5 billion (or 9.7%) due primarily to: (1) increased wholesale volumes of $0.6 billion representing 59,000 vehicles (or 5.7%) due to improved macroeconomic conditions and industry growth throughout the region (2) favorable net foreign currency translation effect of $0.5 billion, due to the strengthening of major currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of $0.3 billion, due to the hyperinflationary economy in Venezuela; and (4) favorable vehicle mix of $0.1 billion due mainly to increased sales of the Chevrolet Cruze.

In the year ended December 31, 2010 Total net sales and revenue increased by $2.2 billion (or 17.1%) due primarily to: (1) increased wholesale volumes of $2.2 billion representing 170,000 vehicles (or 19.1%) due to launches of the Chevrolet Cruze and Chevrolet Spark throughout the region; (2) favorable net foreign currency translation effect of $1.0 billion, due to the strengthening of major currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of $0.3 billion, due to the hyperinflationary economy in Venezuela; partially offset by (4) devaluation of the BsF of $0.9 billion; and (5) unfavorable vehicle mix of $0.4 billion due to increased sales of the Chevrolet Spark and Chevrolet Aveo and decreased sales of the Chevrolet Meriva, Vectra and S-10.

GMSA EBIT (Loss)-Adjusted

GM

In the year ended December 31, 2011 EBIT-adjusted was a loss of $0.1 billion as compared to EBIT-adjusted of $0.8 billion in the year ended December 31, 2010 due primarily to: (1) increased material and freight of $0.7 billion; (2) increased manufacturing costs of $0.3 billion; and (3) foreign currency transaction gains of $0.3 billion recorded in 2010 due to preferential foreign currency exchange rates in Venezuela, which were discontinued in 2011; and (4) unfavorable $0.1 billion related to separation costs; partially offset by (5) favorable vehicle pricing effect of $0.3 billion due to the hyperinflationary economy in Venezuela.

In the year ended December 31, 2010 EBIT-adjusted was $0.8 billion and included: (1) foreign currency transaction gains of $0.3 billion due to foreign currency exchanges processed at the preferential rate in Venezuela; offset by (2) administrative expenses of $0.5 billion; (3) advertising and sales promotion expenses of $0.3 billion to support media campaigns for our products; and (4) selling and marketing expenses of $0.1 billion.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to $1.00 would be changed to a dual rate system that includes a 2.60 BsF to $1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to $1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to $1.00 to determine the remeasurement, which resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010.

In the period July 10, 2009 through December 31, 2009 EBIT-adjusted was $0.4 billion and included: (1) administrative expenses of $0.2 billion; (2) advertising and sales promotion expenses of $0.1 billion; and (3) selling and marketing expenses of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 EBIT-adjusted was a loss of $0.5 billion and included: (1) foreign currency transaction losses of $0.5 billion due to foreign currency exchanges processed outside the Venezuela currency exchange agency; (2) administrative expenses of $0.2 billion; (3) advertising and sales promotion expenses of $0.1 billion; and (4) selling and marketing expenses of $0.1 billion.

GM Financial
(Dollars in Millions)

	Successor	
	Year Ended December 31, 2011	Three Months Ended December 31, 2010
Total revenue	$1,410	$281
Income before income taxes	$ 622	$129

GM Financial Revenue

In the year ended December 31, 2011 Total revenue included finance charge income of $1.2 billion and other income of $0.2 billion. The effective yield on GM Financial's finance receivables was 13.7% for the year ended December 31, 2011. The effective yield represents finance charges and fees recorded in earnings and the accretion of the accretable yield as a percentage of average finance receivable.

In the three months ended December 31, 2010 Total revenue included finance charge income of $0.3 billion. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010.

Net margin is the difference between finance charge income and other income earned on GM Financial's finance receivables and the cost to fund the receivables as well as the cost of debt incurred for general corporate purposes.

The following table summarizes GM Financial's net margin and as a percentage of average earning assets (dollars in millions):

	Successor			
	Year Ended December 31, 2011		Three Months Ended December 31, 2010	
Finance charge income and other income	$1,410	14.8%	$ 281	12.8%
Interest expense	(204)	(2.2)%	(37)	(1.7)%
Net GM Financial margin	$1,206	12.6%	$ 244	11.1%

GM Financial Income Before Income Taxes

In the year ended December 31, 2011 results included: (1) Total revenue of $1.4 billion; partially offset by (2) operating and leased vehicle expenses of $0.4 billion; (3) interest expense of $0.2 billion; and (4) provision for loan losses of $0.2 billion. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, and other unsecured debt.

Average debt outstanding in the year ended December 31, 2011 was $7.6 billion and the effective rate of interest expensed was 2.7%.

In the three months ended December 31, 2010 results included: (1) Total revenue of $0.3 billion; partially offset by (2) operating and leased vehicle expenses of $0.1 billion; and; (3) other collectively insignificant items.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest expensed was 2.0%.

Corporate
(Dollars in Millions)

	Successor		Combined GM and Old GM	Successor	Predecessor				
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009	Year Ended 2011 vs. 2010 Change Amount	%	Year Ended 2010 vs. 2009 Change Amount	%
Total net sales and revenue	$ 61	$ 134	$468	$141	$ 327	$ (73)	(54.5)%	$(334)	(71.4)%
Net income (loss) attributable to stockholders	$(453)	$(877)		$176	$123,902	$424	(48.3)%		

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, certain nonsegment specific revenues and expenses, including costs related to the DBGA and a portfolio of automotive retail leases.

Corporate Total Net Sales and Revenue

Total net sales and revenue includes lease financing revenue from a portfolio of automotive retail leases.

In the year ended December 31, 2011 Total net sales and revenue decreased by $0.1 billion (or 54.5%) due primarily to decreased revenue earned on portfolio management services performed for third parties due to the planned reduction of third party assets managed and decreased lease financing revenues related to the liquidation of the portfolio of automotive retail leases. Average outstanding retail leases on-hand decreased to a de minimus level at December 31, 2011 compared to 7,000 at December 31, 2010.

In the year ended December 31, 2010 Total net sales and revenue decreased by $0.3 billion (or 71.4%) due primarily to decreased lease financing revenue related to the liquidation of the portfolio of automotive leases. Average outstanding automotive retail leases on-hand for GM and combined GM and Old GM were 7,000 and 73,000 for the years ended December 31, 2010 and 2009.

Corporate Net Income (Loss) Attributable to Stockholders

GM

In the year ended December 31, 2011 Net loss attributable to stockholders decreased by $0.4 billion (or 48.3%) due primarily to: (1) an income tax benefit of $0.3 billion compared to income tax expense of $0.6 billion in 2010; (2) decreased interest expense of $0.6 billion due to lower debt balances; and (3) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock; offset by (4) an impairment charge of $0.6 billion on our investment in Ally Financial common stock; (5) gains on the extinguishment of debt of $0.2 billion related to the repayment of the VEBA Notes and the elimination of the liability for the Adjustment Shares of $0.2 billion in 2010; and (6) other collectively insignificant items.

In the year ended December 31, 2010 results included: (1) interest expense of $1.1 billion; (2) income tax expense of $0.6 billion related to tax expense attributable to profitable entities that do not have full valuation allowances recorded against deferred tax assets; (3) administrative expenses of $0.4 billion related to consulting services; partially offset by (4) interest income of $0.4 billion earned on marketable securities held in GMSA; (5) the reversal of our $0.2 billion liability for the Adjustment Shares; (6) a gain on extinguishment of debt of $0.2 billion related to our repayment of the outstanding amount of VEBA Notes of $2.8 billion; and (7) dividends of $0.1 billion on our investment in Ally Financial preferred stock.

In the period July 10, 2009 through December 31, 2009 results included: (1) foreign currency transaction gains of $0.3 billion due to the strengthening of the Canadian Dollar against the U.S. Dollar; partially offset by (2) interest expense of $0.7 billion composed of interest expense of $0.3 billion on UST Credit Agreement and interest expense of $0.2 billion on GMIO debt.

Old GM

In the period January 1, 2009 through July 9, 2009 results included: (1) centrally recorded Reorganization gains, net of $128.2 billion which is more fully discussed in Note 32 to our consolidated financial statements; (2) amortization of discounts related to the UST Loan Agreement, EDC Loan Facility and DIP Facility of $3.7 billion; (3) a gain of $2.5 billion recorded on the UST's conversion of the UST Ally Financial Loan for Class B Common Membership Interests which was partially offset by Old GM's proportionate share of Ally Financial's loss from operations of $1.1 billion; and (4) a gain on extinguishment of debt of $0.9 billion related to an amendment to Old GM's U.S. term loan; partially offset by (5) a loss related to the extinguishment of the UST Ally Financial Loan of $2.0 billion when the UST exercised its option to convert outstanding amounts into shares of Ally Financial's Class B Common Membership Interests; (6) interest expense of $0.8 billion on unsecured debt balances; (7) interest expense of $0.4 billion on the UST Loan Agreement; and (8) interest expense of $0.2 billion on GMIO and GMSA debt.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facility will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward which we plan to fund through available liquidity and cash flow from operations. Our known material future uses of cash include, among other possible demands: (1) reinvestment in our business through capital expenditures, engineering and product development activities; (2) pension contributions and OPEB payments; (3) payments to reduce debt and other long-term obligations; (4) dividend payments on our Series A and Series B Preferred Shares; and (5) certain South American income and indirect tax-related administrative proceedings may require that we deposit funds in escrow or make payments which may range up to $0.8 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled "Risk Factors," some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to optimize our liquidity position and capital structure in order to strengthen our balance sheet.

Reduction of Financial Leverage

Reducing our financial leverage remains a key strategic initiative. We continue to evaluate potential repayments of long-term obligations prior to maturity. Any such repayments may negatively affect our liquidity in the short-term.

In the year ended December 31, 2011 we made prepayments on debt facilities of $1.0 billion held by certain of our foreign subsidiaries, primarily in GMNA and GMSA. However, our overall debt balances increased to $5.3 billion at December 31, 2011 as these prepayments were more than offset primarily by the issuance of the HCT notes that were incurred as part of an agreement to settle certain retiree healthcare obligations and increases to other debt facilities.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This contribution was made as part of our continuing efforts to mitigate risk in our balance sheet.

Under wholesale financing arrangements, our U.S. dealers typically borrow money from financial institutions to fund their vehicle purchases from us. Effective January 2011 we terminated a wholesale advance agreement which provided for accelerated receipt of payments made by Ally Financial on behalf of our U.S. dealers pursuant to Ally Financial's wholesale financing arrangements with dealers. Similar modifications were made in Canada and Mexico in the year ended December 31, 2011. The wholesale advance agreements covered the period for which vehicles are in transit between assembly plants and dealerships. We no longer receive payments in advance of the date vehicles purchased by dealers are scheduled to be delivered in GMNA resulting in an increase to our accounts receivable balance of $1.1 billion at December 31, 2011. The amount of the increase to our accounts receivable balance depends on sales volumes, seasonal fluctuations and certain other factors.

In January 2011 we withdrew our application for loans available under Section 136 of the EISA. This decision is consistent with our stated goal to reduce our financial leverage.

Investment Actions

We accumulated Canadian Dollar denominated deposits and investments of $6.4 billion in the year ended December 31, 2011. These deposits and investments will incur foreign exchange gains or losses based on the movement of the Canadian Dollar in relation to the U.S. Dollar and will therefore reduce our net Canadian Dollar foreign exchange exposure, which primarily relates to pension and OPEB liabilities. We expect to maintain a sufficient amount of Canadian Dollar deposits and investments to offset the liabilities denominated in Canadian Dollars. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

We continue to monitor and explore the sale of other non-core assets. In March 2011 we sold our Class A Membership Interests in New Delphi to New Delphi for $3.8 billion. Also in March 2011 we sold our Ally Financial preferred stock for $1.0 billion. Proceeds from these asset sales were used to strengthen liquidity and are to be used for general corporate purposes.

From time to time we consider the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. This may include additional loans or investments with our joint venture partners and may negatively impact our liquidity in the short-term.

Automotive

Available Liquidity

Available liquidity includes cash, cash equivalents and marketable securities balances. At December 31, 2011 our available liquidity was $31.6 billion, excluding funds available under credit facilities of $5.9 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and certificates of deposits and corporate debt securities, and are primarily denominated in U.S. Dollars. Our investment guidelines, which we may change from time to time, prescribe certain minimum credit rating thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers. We maintain cash balances and investments in certain foreign currencies, such as the Canadian Dollar, to fund future payments on foreign currency denominated obligations thereby reducing a portion of the related foreign currency exposure. We actively monitor and manage our liquidity exposure to Europe which is related primarily to short-term bank deposits and short-term debt securities of high-quality European issuers. A portion of our total liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including inter-company loans to utilize these funds across our global operations as needed. The following table summarizes our liquidity (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Cash and cash equivalents	$15,499	$21,061
Marketable securities	16,148	5,555
Available liquidity	31,647	26,616
Available under credit facilities	5,867	5,919
Total available liquidity	37,514	32,535
HCT escrow account (a)	—	1,008
Total liquidity including HCT escrow account	$37,514	$33,543

(a) Classified as Restricted cash and marketable securities.

Upon implementation of the HCT, we used funds in an escrow account to fund a payment to the HCT of $0.8 billion. Following implementation the remaining funds held in escrow of $0.2 billion were no longer subject to restrictions and were released to us. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

GM

Total available liquidity increased by $5.0 billion in the year ended December 31, 2011 due primarily to: (1) positive operating cash flows of $7.4 billion; (2) proceeds received from the sale of investments in New Delphi and Ally Financial of $4.8 billion; and (3) decreases to restricted cash balances of $1.4 billion, partially offset by (4) capital expenditures of $6.2 billion; and (5) negative cash from financing activities of $1.9 billion related primarily to debt prepayments and dividend payments.

Total available liquidity increased by $9.1 billion in the year ended December 31, 2010 due to: (1) positive operating and investing cash flows of $7.3 billion; (2) increased marketable securities balances of $5.4 billion; and (3) additional amounts available under credit facilities of $5.3 billion due to a $5.0 billion secured credit facility; partially offset by (4) negative cash flows from financing activities of $9.3 billion related to prepayments on debt obligations.

UST Credit Agreement and Canadian Loan

UST Credit Agreement

Old GM received total proceeds of $19.8 billion from the UST under the UST Loan Agreement and additional funding of $33.3 billion from the UST and EDC under its DIP Facility. On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion which Old GM incurred under its DIP Facility. We repaid the final remaining amounts outstanding on the UST Credit Agreement in April 2010. Amounts repaid under the agreement may not be reborrowed.

While we have repaid in full our indebtedness under the UST Credit Agreement, the executive compensation and corporate governance provisions of Section 111 of the EESA, including the Interim Final Rule, will continue to apply to us for the period specified in the EESA and the Interim Final Rule. Certain of the covenants in the UST Credit Agreement will continue to apply to us until the earlier to occur of (1) our ceasing to be a recipient of Exceptional Financial Assistance, or (2) UST ceasing to own any direct or indirect equity interests in us, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

The UST Credit Agreement includes a vitality commitment which requires us to use our commercially reasonable best efforts to ensure that our manufacturing volume conducted in the U.S. is consistent with at least 90% of the projected manufacturing level (projected manufacturing level for this purpose being 1,934,000 units in 2011, 1,998,000 units in 2012, 2,156,000 units in 2013 and 2,260,000 units in 2014), absent a material adverse change in our business or operating environment which would make the commitment non-economic. In the event that such a material adverse change occurs, the UST Credit Agreement provides that we will use our commercially reasonable best efforts to ensure that the volume of U.S. manufacturing is the minimum variance from the projected manufacturing level that is consistent with good business judgment and the intent of the commitment. This covenant survived our repayment of the UST Credit Agreement and remains in effect through December 31, 2014 unless the UST receives total proceeds from debt repayments, dividends, interest, preferred stock redemptions and common stock sales equal to the total dollar amount of all UST invested capital.

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the DIP Facility, excluding $0.4 billion which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial preferred membership interests previously held by Old GM in May 2009. At December 31, 2011 the UST had received cumulative proceeds of $23.1 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $26.4 billion.

To the extent we fail to comply with any of the covenants in the UST Credit Agreement that continue to apply to us, the UST is entitled to seek specific performance and the appointment of a court-ordered monitor acceptable to the UST (at our sole expense) to ensure compliance with those covenants.

Canadian Loan

On July 10, 2009 through our wholly-owned subsidiary GMCL, we entered into the Canadian Loan Agreement and assumed a $1.3 billion term loan. GMCL repaid the final remaining amounts outstanding on the Canadian Loan in April 2010. Amounts repaid under the agreement may not be reborrowed.

The Canadian Loan Agreement and related agreements include certain covenants requiring GMCL to meet certain annual Canadian production volumes expressed as ratios to total overall production volumes in the U.S. and Canada and to overall production volumes in the North American Free Trade Agreement region. The targets cover vehicles and specified engine and transmission production in Canada. These agreements also include covenants on annual GMCL capital expenditures and research and development expenses. In the event a material adverse change occurs that makes the fulfillment of these covenants non-economic (other than a material adverse change caused by the actions or inactions of GMCL), the lender will consider adjustments to mitigate the business effect of the material adverse change. These covenants survive GMCL's repayment of the loans and certain of the covenants have effect through December 31, 2016.

Refer to Note 17 to our consolidated financial statements for additional details on the Canadian Loan.

Credit Facilities

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. Our primary borrowing capacity under these credit facilities comes from our $5.0 billion secured revolving credit facility. The balance of our credit facilities are geographically dispersed across all regions. The following tables summarize our committed and uncommitted credit facilities (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Committed	$5,338	$6,142	$5,308	$5,475
Uncommitted	629	490	559	444
Total	$5,967	$6,632	$5,867	$5,919

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	Successor		Successor	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Secured revolving credit facility	$5,000	$5,000	$5,000	$5,000
Brazil	—	466	—	2
GM Hong Kong (a)	200	400	200	370
Other (b)	767	766	667	547
Total	$5,967	$6,632	$5,867	$5,919

(a) Includes credit facilities of $200 million at December 31, 2010 which we terminated in July 2011 following the repayment of $30 million which was outstanding under the facility.

(b) Consists of credit facilities available at our foreign subsidiaries that are not individually significant.

Our largest credit facility is our five year, $5.0 billion secured revolving credit facility which includes a letter of credit sub-facility of up to $500 million. Additionally, we can use collateral under the revolving credit facility to support up to $2.0 billion of other obligations. We continue to evaluate potential uses for this collateral which may strengthen our overall liquidity position without impacting our financial leverage. We entered into the secured revolving credit facility agreement in October 2010. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility provides additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions. Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and secured by a substantial portion of our domestic assets excluding cash, cash equivalents, marketable securities and GM Financial. If we receive an investment grade corporate rating from two or more of the credit rating agencies: Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P), we may no longer have to post collateral under the terms of the facility.

Uncommitted credit facilities include lines of credit which are available to us but under which the lenders have no legal obligation to provide funding upon our request. We and our subsidiaries use credit facilities to fund working capital needs, product programs, facilities development and other general corporate purposes.

Cash Flow

Operating Activities

GM

In the year ended December 31, 2011 cash flows from operating activities increased by $0.8 billion due primarily to: (1) increased net income excluding depreciation, impairment charges and amortization of $2.9 billion; (2) decreased pension cash contributions and OPEB payments in excess of expense of $2.3 billion; partially offset by (3) unfavorable changes in working capital of $1.6 billion due to the termination of the advance wholesale agreements and increased production; and (4) other activities of $2.7 billion which include non-cash gains relating to the sale of our investments in New Delphi and Ally Financial preferred stock of $1.9 billion. Significant pension and OPEB related activity included a cash contribution as part of the HCT settlement of $0.8 billion in 2011 and a voluntary contribution made to our U.S. pension plans of $4.0 billion in 2010. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

In the year ended December 31, 2010 we had positive cash flows from operating activities of $6.6 billion due primarily to: (1) Net income of $6.4 billion, which included non-cash charges of $7.1 billion resulting from depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) dividends received of $0.7 billion related to our China JVs; partially offset by (3) pension contributions and OPEB payments of $5.7 billion related to voluntary contributions to U.S. hourly and salary pension plans of $4.0 billion; (4) payments on our previously announced restructuring programs of $1.3 billion partially offset by net charges of $0.6 billion; (5) dealer wind-down payments of $0.4 billion; and (6) unfavorable changes in working capital of $0.6 billion. The unfavorable changes in working capital were related to increases in accounts receivables, inventories and the completion of a change to weekly payment terms to our suppliers, partially offset by an increase in accounts payable related to increased production volumes.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from operating activities of $1.1 billion due primarily to: (1) favorable managed working capital of $5.7 billion due to the effect of increased sales and production on accounts payable and the timing of certain supplier payments; (2) OPEB expense in excess of cash payments of $1.7 billion; (3) net income of $0.6 billion excluding depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); partially offset by (4) pension contributions of $4.3 billion to our Canadian hourly and salaried defined benefit pension plans; (5) restructuring payments of $1.2 billion; (6) interest payments of $0.6 billion; and (7) sales allowance payments in excess of current period accruals for sales incentives of $0.5 billion due to a reduction in dealer stock.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from operating activities of $18.3 billion due primarily to: (1) net loss of $8.4 billion excluding Reorganization gains, net, and depreciation, impairment and amortization of long-lived assets and finite-lived intangible assets (including amortization of debt issuance costs and discounts); (2) change in accrued liabilities of $6.8 billion; (3) unfavorable managed working capital of $5.6 billion; and (4) payments of $0.4 billion for reorganization costs associated with the Chapter 11 Proceedings.

Investing Activities

GM

In the year ended December 31, 2011 cash flows from investing activities decreased by $11.3 billion due primarily to: (1) a reduction in restricted cash returned from escrow accounts of $11.6 billion; (2) an increase in net acquisitions of marketable securities with maturities exceeding 90 days of $5.2 billion; and (3) increased capital expenditures of $2.0 billion as we continue to reinvest in our business; partially offset by (4) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of $4.8 billion in 2011; and (5) the acquisition of AmeriCredit for $3.5 billion in 2010. The decrease in restricted cash was due to the release of $1.0 billion following the implementation of the HCT in 2011 and the release of funds held in an escrow account relating to the UST Credit Agreement of $12.5 billion in 2010.

In the year ended December 31, 2010 we had positive cash flows from investing activities of $0.7 billion due primarily to: (1) a net decrease in Restricted cash and marketable securities of $13.0 billion related to withdrawals from an escrow account relating to the UST Credit Agreement; (2) proceeds from the liquidation of operating leases of $0.3 billion; (3) net proceeds received from the sale of Nexteer of $0.3 billion; (4) proceeds from the sale of property, plants and equipment of $0.2 billion; partially offset by (5) net investments in marketable securities with maturities greater than 90 days of $5.4 billion; (6) capital expenditures of $4.2 billion; and (7) the acquisition of AmeriCredit for $3.5 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from investing activities of $2.2 billion due primarily to: (1) a reduction in Restricted cash and marketable securities of $5.2 billion related to withdrawals from an escrow account relating to the UST Credit Agreement; (2) $0.6 billion related to the liquidation of automotive retail leases; (3) an increase as a result of the consolidation of Saab of $0.2 billion; (4) tax distributions of $0.1 billion on Ally Financial common stock; partially offset by (5) net cash payments of $2.0 billion related to the acquisition of Nexteer, four domestic facilities and Class A Membership Interests in New Delphi; and (6) capital expenditures of $1.9 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had negative cash flows from investing activities of $21.1 billion due primarily to: (1) increase in Restricted cash and marketable securities of $18.0 billion due to the establishment of the UST and Canadian escrow accounts; (2) capital expenditures of $3.5 billion; and (3) investment in Ally Financial of $0.9 billion; partially offset by (4) liquidation of operating leases of $1.3 billion.

Financing Activities

GM

In the year ended December 31, 2011 cash flows from financing activities increased by $7.4 billion due primarily to: (1) a reduction in payments made in excess of proceeds received from debt obligations of $10.0 billion related to the repayment of our indebtedness under the UST Credit Agreement of $5.7 billion, Canadian Loan of $1.3 billion, principal payments of the VEBA Notes of $2.5 billion and repayment of GM Korea's credit facility of $1.2 billion in 2010; and (2) purchase of the Series A Preferred Stock shares held by the UST of $2.1 billion in 2010; partially offset by (3) proceeds received from the issuance of our Series B Preferred Stock of $4.9 billion in 2010.

In the year ended December 31, 2010 we had negative cash flows from financing activities of $9.3 billion due primarily to: (1) repayments on the UST Credit Agreement and Canadian Loan of $5.7 billion and $1.3 billion; (2) principal payments on the VEBA Notes of $2.5 billion; (3) purchase of the Series A Preferred Stock shares from the UST of $2.1 billion; (4) repayment of GM Korea's revolving credit facility of $1.2 billion; (5) dividend payments on our Series A Preferred Stock of $0.8 billion; (6) payments on the program announced in March 2009 by the UST to provide financial assistance to automotive suppliers (Receivables Program) of $0.2 billion; (7) debt issuance fees of $0.2 billion related to establishing our secured revolving credit facility; (8) net payments on other debt of $0.2 billion; partially offset by (9) proceeds from the issuance of Series B Preferred Stock of $4.9 billion.

In the period July 10, 2009 through December 31, 2009 we had positive cash flows from financing activities of $0.3 billion due primarily to: (1) funding of $4.0 billion from the EDC which was converted to our equity; partially offset by (2) payments on the UST Credit Agreement of $1.4 billion (including payments of $0.4 billion related to the warranty program); (3) net payments on the revolving bridge facility with the German federal government and certain German states (German Facility) of $1.1 billion; (4) net payments on other debt of $0.4 billion; (5) a net decrease in short-term debt of $0.4 billion; (6) payment on the Canadian Loan of $0.2 billion; (7) net payments on Receivables Program of $0.1 billion; and (8) dividend payments on our Series A Preferred Stock of $0.1 billion.

Old GM

In the period January 1, 2009 through July 9, 2009 Old GM had positive cash flows from financing activities of $44.2 billion due primarily to: (1) proceeds from the DIP Facility of $33.3 billion; (2) proceeds from the UST Loan Agreement of $16.6 billion;

(3) proceeds from the EDC Loan Facility of $2.4 billion; (4) proceeds from the German Facility of $1.0 billion; (5) proceeds from the issuance of long-term debt of $0.3 billion; (6) proceeds from the Receivables Program of $0.3 billion; partially offset by (7) payments on other debt of $6.1 billion; (8) a net decrease in short-term debt of $2.4 billion; and (9) cash of $1.2 billion MLC retained as part of the 363 Sale.

Free Cash Flow

Management believes free cash flow provides meaningful supplemental information regarding the liquidity of our automotive operations and its ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations adjusted for capital expenditures. While management believes that free cash flow provides useful information, it is not an operating measure under U.S. GAAP, and there are limitations associated with its use. Our calculation of free cash flow may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of free cash flow has limitations and should not be considered in isolation from, or as a substitute for, other measures such as cash flows from operating activities. Due to these limitations, free cash flow is used as a supplement to U.S. GAAP measures. The following table summarizes free cash flow (dollars in millions):

	Successor	
	Year Ended December 31, 2011	Year Ended December 31, 2010
Operating cash flow	$ 7,429	$ 6,589
Less: capital expenditures	(6,241)	(4,200)
Free cash flow	$ 1,188	$ 2,389

Other Liquidity Issues

Status of Credit Ratings

We have been assigned initial ratings by four independent credit rating agencies: Dominion Bond Rating Services (DBRS), Fitch, Moody's and S&P.

DBRS, Moody's, Fitch and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at February 15, 2012:

Rating Agency	Corporate	Secured Revolving Credit Facility	Senior Unsecured	Outlook
DBRS	BB (high)	BBB (low)	N/A	Stable
Fitch	BB	BBB-	N/A	Positive
Moody's	Ba1	Baa2	N/A	Positive
S&P	BB+	BBB	N/A	Stable

Rating actions taken by each of the credit rating agencies from January 1, 2011 through February 15, 2012 were as follows:

DBRS: November 2011 — Upgraded corporate rating to BB (high) from BB.

Fitch: October 2011 — Upgraded corporate rating to BB from BB- and upgraded secured revolving credit facility rating to BBB- from BB+. Outlook revised to positive from stable.

Moody's: October 2011 — Upgraded corporate rating to Ba1 from Ba2 and upgraded secured revolving credit facility rating to Baa2 from Baa3. Outlook revised to positive from stable.

S&P: September 2011 — Upgraded corporate rating to BB+ from BB- and upgraded our secured revolving credit facility rating to BBB from BB+. Outlook revised to stable from positive. February 2011 — Outlook revised to positive from stable.

We continue to pursue investment grade status by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facility.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding at a redemption price equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. Our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, net distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions, collections and recoveries on finance receivables and net proceeds from senior notes transactions. GM Financial's primary uses of cash are purchases of finance receivables and leased assets, repayment of credit facilities, securitization notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities and operating expenses.

GM Financial used cash of $5.0 billion for the purchase of finance receivables and $0.8 billion for the purchase of leased vehicles in the year ended December 31, 2011. These purchases were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions. GM Financial received cash of $3.7 billion from collections and recoveries on receivables in the year ended December 31, 2011.

GM Financial used cash of $0.9 billion for the purchase of finance receivables in the three months ended December 31, 2010. These purchases were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

Available Liquidity

The following table summarizes GM Financial's available liquidity (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Cash and cash equivalents	$ 572	$195
Borrowing capacity on unpledged eligible receivables	387	272
Borrowing capacity on unpledged eligible leased assets	294	—
Available liquidity	$1,253	$467

Senior Notes

In June 2011 GM Financial issued 6.75% senior notes of $500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges receivables to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy.

The following table summarizes those credit facilities (dollars in millions):

	December 31, 2011		December 31, 2010	
	Facility Amount	Advances Outstanding	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$2,000	$ 621	$1,300	$278
U.S. lease warehouse facility (b)	$ 600	—		—
Canada lease warehouse facility (c)	$ 589	181		—
Medium-term note facility (d)		294		490
Bank funding facility		3		64
Total		$1,099		$832

(a) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(b) In January 2012 GM Financial extended the maturity date of the lease warehouse facility for lease originations in the U.S. to January 2013. Borrowings on the facility are collateralized by leased assets.

(c) In July 2011 GM Financial Canada Leasing Ltd., a subsidiary of GM Financial entered into a lease warehouse facility for lease originations in Canada that matures in July 2012. Borrowings on this facility are collateralized by leased assets. The facility amount represents CAD $600 million at December 31, 2011.

(d) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities and securitization notes payable. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or, with respect to the syndicated warehouse facility, restrict GM Financial's ability to obtain additional borrowings.

Defined Benefit Pension Plan Contributions

Plans covering eligible U.S. salaried employees hired prior to January 2001 and hourly employees hired prior to October 15, 2007 generally provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Salaried and hourly employees hired after these dates participate in defined contribution or cash balance plans. Our and Old GM's policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2011 all legal funding requirements had been met.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. hourly and salaried	$1,962	$4,095	$ 31	$ 57
Non-U.S.	836	777	4,287	529
Total contributions	$2,798	$4,872	$4,318	$586

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock, valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in billions):

	Successor	
	December 31, 2011	December 31, 2010
U.S. hourly and salaried	$13.3	$11.5
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	14.2	12.4
Non-U.S.	11.2	9.8
Total underfunded	$25.4	$22.2

The U.S. pension plans were underfunded by $14.2 billion and $12.4 billion at December 31, 2011 and 2010. The change in funded status was due primarily to: (1) actuarial losses due primarily to discount rate decreases of $8.5 billion; and (2) service and interest costs of $5.4 billion; partially offset by (3) actual return on plan assets of $10.1 billion; and (4) contributions of $2.0 billion.

The non-U.S. pension plans were underfunded by $11.2 billion and $9.8 billion at December 31, 2011 and 2010. The change in funded status was due primarily to: (1) actuarial losses of $1.5 billion; and (2) service and interest costs of $1.6 billion; partially offset by (3) actual return on plan assets of $0.7 billion; (4) contributions and benefit payments of $0.8 billion; and (5) net favorable foreign currency translation effect of $0.2 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in billions):

	Successor	
	December 31, 2011	December 31, 2010
U.S. OPEB plans	$5.8	$5.7
Non-U.S. OPEB plans	1.5	4.2
Total unfunded	$7.3	$9.9

The change in unfunded status for the non-U.S. plans was due primarily to the implementation of the independent HCT, which was accounted for as a plan settlement reducing the OPEB obligation by $3.1 billion.

Refer to Note 18 to our consolidated financial statements for the change in benefit obligations and related plan assets.

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans (b)
2012	$ 8,514	$1,437	$ 419	$ 55
2013	$ 8,262	$1,441	$ 403	$ 58
2014	$ 8,065	$1,475	$ 367	$ 61
2015	$ 7,918	$1,505	$ 357	$ 65
2016	$ 7,645	$1,528	$ 350	$ 68
2017-2021	$35,435	$7,725	$1,678	$381

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the HCT which releases us from certain CAW retiree healthcare claims incurred after October 31, 2011.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2011 and 2010.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $1.1 billion and $1.0 billion at December 31, 2011 and 2010.

Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ends in August 2012 for vehicles invoiced through August 2011 and ends in August 2013 for vehicles invoiced through August 2012.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $19.8 billion and $18.8 billion at December 31, 2011 and 2010. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $17 million and $21 million at December 31, 2011 and 2010 which considers the likelihood of dealers terminating and estimating the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 20 and 28 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2011 (dollars in millions):

	Payments Due by Period				
	2012	2013-2014	2015-2016	2017 and after	Total
Automotive debt (a)	$ 1,530	$ 245	$ 605	$ 3,478	$ 5,858
Automotive Financing debt (b)	4,263	2,504	1,142	586	8,495
Capital lease obligations	134	188	94	560	976
Automotive interest payments (c)	122	588	451	512	1,673
Automotive Financing interest payments (d)	193	236	117	49	595
Postretirement benefits (e)	267	450	214	—	931
Contractual commitments for capital expenditures	1,233	91	—	—	1,324
Operating lease obligations (f)	363	466	284	368	1,481
Other contractual commitments:					
Material	1,038	749	347	175	2,309
Marketing	933	508	220	54	1,715
Rental car repurchases	4,265	—	—	—	4,265
Policy, product warranty and recall campaigns liability	3,159	2,767	679	207	6,812
Other	1,185	310	86	68	1,649
Total contractual commitments (g) (h) (i)	$18,685	$9,102	$4,239	$ 6,057	$38,083
Non-contractual postretirement benefits (j)	$ 215	$ 437	$ 626	$14,154	$15,432

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2011.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes and convertible senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2011.

(d) GM Financial interest payments are calculated based on LIBOR plus the respective credit spreads and specified fees associated with the medium-term note facility and the syndicated warehouse facility, the coupon rate for the senior notes and convertible senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2012 and 2013. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2011.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2011.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2012 to 2014 related to our Opel/ Vauxhall restructuring plan.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2011 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

The table above does not reflect unrecognized tax benefits of $2.4 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

Pension Funding Requirements

The next pension funding valuation to be prepared based on the requirements of the Pension Protection Act of 2006 (PPA) will be as of October 1, 2011. Based on the PPA, we have the option to select a funding interest rate for the valuation based on either the Full Yield Curve method or the 3-Segment method, both of which are considered to be acceptable methods. A hypothetical valuation at December 31, 2011 using the 3-Segment rate at May 31, 2011 for the plan year beginning October 1, 2011 and assuming either the Full Yield Curve rate or the 3-Segment rate at December 31, 2011 for all future valuations, projects no funding requirements through 2017. We have assumed that the pension plans in the future earn the expected return on assets of 5.7% for the salaried plan and 6.5% for the hourly plan. The valuation projections also assume that additional benefit accruals in the salaried plan will cease effective September 30, 2012. Refer to Note 18 of our consolidated financial statements for additional information.

The funding interest rate and return on assets rate sensitivities for projected pension funding requirements are shown below (in billions):

	Funding Interest Rate Sensitivity Table					Estimated Return on Assets - 100 basis point decrease
	50 basis point increase	25 basis point increase	Base Line	25 basis point decrease	50 basis point decrease	
2012-2015	$—	$—	$—	$ —	$ —	$ —
2016	$—	$—	$—	$ —	$1.5	$ —
2017	$—	$—	$—	$1.5	$3.3	$0.9

The funding interest rate and return on assets rate sensitivities in the hypothetical valuation consider our 2010 plan year election of relief for certain of our U.S. pension plans but do not consider the potential election of relief provisions that are available to us for the 2011 plan year under the Pension Relief Act of 2010 for our U.S. qualified pension plans. Refer to Note 18 to our consolidated financial statements for additional information regarding our pension funding requirements.

We do not have any required contributions payable to our U.S. qualified plans in 2012. We expect to contribute $100 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2012.

Fair Value Measurements

Automotive

At December 31, 2011 and 2010 assets and liabilities classified in Level 3 were not significant. Prior to the three months ended December 31, 2010 significant assets and liabilities classified in Level 3, with the related Level 3 inputs, were as follows:

- Foreign currency derivatives — Level 3 inputs used to determine the fair value of foreign currency derivative liabilities include the appropriate credit spread to measure our nonperformance risk. Given our nonperformance risk was not observable through a liquid credit default swap market we based this measurement on an analysis of comparable industrial companies to determine the appropriate credit spread which would be applied to us and Old GM by market participants. In the three months ended December 31, 2010 we incorporated our published credit agency ratings into our credit rating conclusions. In the three months ended December 31, 2010 we determined that our nonperformance risk no longer represents a significant input in the determination of the fair value of our foreign currency derivative liabilities. The effect of our nonperformance risk in the valuation has been reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. We transferred these liabilities to Level 2. At December 31, 2011 our nonperformance risk remains unobservable through a liquid credit default swap market.

Refer to Note 19 to our consolidated financial statements for additional information regarding Level 3 measurements.

Level 3 Assets and Liabilities

At December 31, 2011 assets and liabilities measured using Level 3 inputs increased $64 million from a net liability of $14 million to a net asset of $50 million. This increase was due to unrealized and realized gains on embedded derivatives, partially offset by unrealized losses on options.

At December 31, 2010 assets and liabilities measured using Level 3 inputs decreased $658 million from a net liability of $672 million to a net liability of $14 million. This reduction was due to unrealized and realized gains on derivatives, the settlement of derivative positions according to their terms and maturities and the reclassification of outstanding derivative contracts from Level 3 to Level 2 during the three months ended December 31, 2010. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million from Level 3 to Level 2.

Realized gains and losses related to assets and liabilities measured using Level 3 inputs did not have a material effect on operations, liquidity or capital resources in the years ended December 31, 2011 and 2010 and the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009.

Automotive Financing — GM Financial

At December 31, 2011 and 2010 assets and liabilities classified in Level 3, with the related Level 3 inputs, are as follows:

- Interest rate swaps — Level 3 inputs are used to determine the fair value of GM Financial's interest rate swaps because they are traded in over-the-counter markets where quoted market prices are not readily available. The fair value of derivatives is derived using models that primarily use market observable inputs, such as interest rate yield curves and credit curves. The effects of GM Financial's and the counterparties' non-performance risk to the derivative trades is considered when measuring the fair value of derivative assets and liabilities.

Refer to Note 19 to our consolidated financial statements for additional information regarding fair value measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation we have not paid any dividends on our common stock and have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facility contains certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following tables summarize dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Successor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Series A Preferred Stock (a)	$621	$810	$349
Series B Preferred Stock (b)	243	—	
Total Preferred Stock dividends paid	$864	$810	$349

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST in the year ended December 31, 2010. Prior to December 31, 2009 the 260 million shares of Series A Preferred Stock issued to the New VEBA were not considered outstanding for accounting purposes due to the terms of the 2009 UAW Retiree Settlement Agreement. As a result $105 million of the $146 million of dividends paid in the period July 10, 2009 through September 30, 2009 and $147 million of the $203 million dividends paid in the three months ended December 31, 2009 were recorded as a reduction of Postretirement benefits other than pensions.

(b) Cumulative unpaid dividends on our Series B Preferred Stock was $20 million and $25 million at December 31, 2011 and 2010.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected rate of return on plan assets and a discount rate. The expected return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In December 2011 an analysis of the investment policy was completed for the U.S. pension plans considering: (1) our overall balance sheet derisking strategy; (2) the plans are closed to new participants; and (3) the 2011 UAW negotiations did not increase pension benefits. Separate long-term strategies were developed for the salaried and hourly U.S. pension plans which represent 35% and 65% of total U.S. pension plans' assets. Using an approach which matches plan assets and liability cash flows to minimize risk of funded status volatility, the expected weighted-average return on assets was reduced from 8.0% at December 31, 2010 to 5.7% for the salaried pension plan and to 6.5% for the hourly pension plan. The resulting weighted-average return is 6.2%. The overall decrease is primarily due to a different asset mix consisting of a higher proportion of fixed income investments compared to last year. The salaried pension plan has a higher target proportion of fixed income investments than the hourly pension plan and therefore, a lower expected return on assets than the hourly pension plan.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial gain (loss) (before tax) on pension plans (dollars in billions):

	Successor	
	December 31, 2011	December 31, 2010
Unamortized actuarial gain (loss)	$(3.8)	$2.9

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	Successor			
	U.S. Plans		Non-U.S. Plans	
	Effect on 2012 Pension Expense	Effect on December 31, 2011 PBO	Effect on 2012 Pension Expense	Effect on December 31, 2011 PBO
25 basis point decrease in discount rate	− $130	+$2,730	+$45	+$ 774
25 basis point increase in discount rate	+$110	− $2,660	− $ 6	− $ 735
25 basis point decrease in expected return on assets	+$210	N/A	+$34	N/A
25 basis point increase in expected return on assets	− $210	N/A	− $34	N/A

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S hourly pension plan at December 31, 2011 (dollars in millions):

	Successor	
Change in future benefit units	Effect on 2012 Pension Expense	Effect on December 31, 2011 PBO
One percentage point increase in benefit units	+$101	+$308
One percentage point decrease in benefit units	− $ 98	− $299

Refer to Note 18 to our consolidated financial statements for the weighted-average expected long-term rate of return on plan assets, weighted-average discount rate on plan obligations, actual and expected return on plan assets, and for a discussion of the inputs used to determine fair value for each significant asset class or category.

Other Postretirement Benefits

OPEB plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including a discount rate and healthcare cost trend rates. In the U.S. Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

Refer to Note 18 to our consolidated financial statements for the weighted-average discount rate used to determine net OPEB expense.

Valuation of Deferred Tax Assets

We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations.

Though objective and verifiable negative evidence continues to outweigh positive evidence in jurisdictions with significant valuation allowances, we are experiencing positive evidence trends in certain of these jurisdictions. South Korea operations have overcome adjusted three-year cumulative losses due to recent profitability. However, a number of negative evidence factors continue to affect the need for a valuation allowance such as economic and industry uncertainty and limited carryforward lives of key tax attributes. After reviewing all factors, if additional positive evidence becomes available, we may reverse some or all of our South Korean valuation allowance in the future. At December 31, 2011 the deferred tax valuation allowance for South Korea was $0.8 billion.

U.S. and Canadian operations are also experiencing current profitability, but these operations remain in cumulative three-year loss position at December 31, 2011. To the extent this profitability trend continues, it is reasonably possible our conclusion regarding the need for full valuation allowances could change, resulting in the reversal of some or all of the valuation allowances. At December 31, 2011 deferred tax asset valuation allowances for the U.S. and Canada were $36.4 billion and $3.2 billion.

In a valuation allowance environment, utilization of tax attributes to offset taxable income reduces the overall level of deferred tax assets subject to valuation allowance. Additionally, our recorded effective tax rate is lower than the applicable statutory tax rate, due primarily to income earned in jurisdictions for which a full valuation allowance is recorded. Our effective tax rate will approach the statutory tax rate in periods after valuation allowances are reversed. In the quarter in which valuation allowances are released, we will record a material tax benefit reflecting the release, which could result in a negative effective tax rate. Valuation allowance releases could result in goodwill impairment. Refer to Note 12 to our consolidated financial statements for additional information related to goodwill impairment charges.

Valuation of Vehicle Operating Leases and Valuation of Residual Support and Risk Sharing Reserve

Valuation of Vehicle Operating Leases

In accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from six months to five years. A retail lease customer is obligated to make payments during the term of a lease to the contract residual. A retail lease customer is not obligated to purchase a vehicle at the end of a lease. Sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Generally, the terms under these arrangements are up to 24 months, however, the daily rental car companies can and do return the vehicles earlier, averaging nine months. We are and Old GM was exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual value is evaluated and adjustments are made to the extent the expected value of a vehicle at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the undiscounted expected future cash flows are lower than the carrying amount of the leased vehicle.

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

We continue to use forecasted auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated.

The following table summarizes recorded impairment charges related to leases to daily rental car companies and automotive retail leases (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Automotive retail leases to daily rental car companies	$151	$49	$18	$47
Automotive retail leases	$ —	$—	$—	$16

Valuation of Residual Support and Risk Sharing Reserve

Significant differences between estimated and actual residual values will also affect the residual support and risk sharing reserves established as a result of certain agreements with Ally Financial, whereby Ally Financial is reimbursed up to an agreed-upon percentage of certain residual value losses they experience on their operating lease portfolio.

During the year ended December 31, 2011 we recorded favorable adjustments to our residual support and risk sharing liabilities of $0.5 billion in the U.S. due to increases in estimated and actual residual values at contract termination.

Due to the contractual terms of our residual support and risk sharing agreements with Ally Financial, which currently limit our maximum obligation to Ally Financial should vehicle residual values decrease, an increase in sales proceeds does not have the equivalent offsetting effect on our residual support and risk sharing reserves as a decrease in sales proceeds.

The following table summarizes the maximum obligation and recorded receivables and liabilities associated with the contractual terms of our residual support and risk sharing agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Maximum obligation		
Residual support	$ 40	$ 523
Risk sharing agreements	$ 88	$ 692
Outstanding receivables (liabilities)		
Residual support	$ 6	$ 24
Risk sharing agreements	$(66)	$(269)

The decrease in risk sharing and residual amounts is due to liquidation of the lease portfolio for which we have obligations.

Impairment of Goodwill

At December 31, 2011 we had goodwill of $29.0 billion, which predominately arose upon the application of fresh-start reporting and the acquisition of AmeriCredit. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gives rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712, "Compensation — Nonretirement Postemployment Benefits" and ASC 715, "Compensation — Retirement Benefits" and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes". Further, we recorded valuation allowances against certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted.

In the three months ended December 31, 2011, 2010 and 2009 we performed our annual goodwill impairment testing as of October 1 for all reporting units, which are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Based on this testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011. Subsequent to our 2011 annual impairment testing we reversed a valuation allowance for our Holden reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value and determined that there was an event-driven impairment in our GM Korea reporting unit. As such we recorded goodwill impairment charges of $270 million in the three months ended December 31, 2011 within our GMIO segment. We recorded goodwill impairment charges of $395 million in the three months ended March 31, 2011 and $621 million in the three months ended December 31, 2011 pertaining to our GME reporting unit. Refer to Notes 3 and 12 to our consolidated financial statements for additional information on these Goodwill impairment charges, including disclosure on our adoption of Accounting Standard Update 2010-28, "Intangibles — Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts".

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates, market share and discount rates. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. While we believe that the assumptions and estimates used to determine the estimated fair values of each of our reporting units are reasonable, a change in assumptions underlying these estimates could result in a material effect on the consolidated financial statements. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units (excluding GM Financial) include:

- Our estimated weighted-average cost of capital (WACC);

- Our estimated long-term growth rates; and
- Our estimate of industry sales and our market share.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven impairment tests and utilized Level 3 measures.

The following table summarizes the goodwill balances and key assumptions for each of our more significant reporting units (excluding GM Financial) utilized in our 2011 and 2010 annual goodwill impairment tests (dollars and volumes in millions):

				Industry Sales (a)		Market Share (a)	
	Goodwill (c)	WACC	Long-Term Growth Rates	2011/2012	2014/2015	2011/2012	2014/2015
GMNA							
At October 1, 2010	$26,410	16.5%	1.5%	15.9	20.2	18.5%	18.2%
At October 1, 2011	$26,395	18.0%	1.5%	16.7	20.1	19.2%	19.2%
GME							
At October 1, 2010	$ 3,096	17.0%	0.5%	18.4	21.3	6.8%	7.6%
At October 1, 2011	$ 1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GM Korea (b)							
At October 1, 2010	$ 632	16.0%	3.0%	77.9	91.8	1.2%	1.4%
At October 1, 2011	$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
Holden							
At October 1, 2010	$ 186	14.5%	3.0%	1.0	1.1	12.4%	13.5%
At October 1, 2011	$ 188	14.0%	2.0%	1.2	1.3	12.5%	12.6%
GM Mercosur							
At October 1, 2010	$ 120	15.3%	4.7%	4.6	5.4	18.6%	17.0%
At October 1, 2011	$ 110	14.8%	4.0%	5.1	6.0	18.1%	18.2%

(a) Amounts at October 1, 2010 are for 2011 through 2014 and amounts at October 1, 2011 are for 2012 through 2015.

(b) Industry sales and market share are based on global industry volumes because GM Korea exports vehicles globally.

(c) Goodwill balance is before any adjustments, if any, for goodwill impairments.

The WACCs considered various factors including bond yields, risk premiums and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond the forecast period; and industry sales and a market share for each reporting unit included annual estimates through the forecast period. In addition, minimum operating cash needs that incorporate specific business, economic and regulatory factors giving rise to varying cash needs were estimated.

With regard to GM Financial with goodwill of $1.3 billion at October 1, 2011, key assumptions impacting our 2011 annual impairment testing procedures include forecasted asset composition and growth and equity to managed asset retention ratios. Forecasted equity to managed asset retention ratio by 2014 was 12.5% and held constant thereafter.

Our fair value estimates assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

For purposes of our 2011 annual impairment testing procedures, the estimated fair values of our more significant reporting units exceeded their carrying values by 12.3% for GMNA, 24.7% for Holden, 56.8% for GM Mercosur and 10.3% for GM Financial. In calculating the fair values of our more significant reporting units during our 2011 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our WACC increased by 150 basis points for GMNA, 410 basis points for Holden and 430 basis points for GM Mercosur. For GM Financial, fair value would still exceed its carrying amount had equity to managed assets retention ratio increased 230 basis points by 2014.

Based on the fair value measures determined during our 2011 annual and event-driven impairment tests we determined the fair values of those reporting units requiring a Step 2 analysis (GME, GM Korea and Holden) had not increased sufficiently to give rise to an implied goodwill amount other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are the determination of our nonperformance risk, interest rates, estimates of our employee benefit related obligations and/or the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. Of these factors, the amount of implied goodwill within GME is most sensitive to changes in our nonperformance risk, interest rates and estimates of our employee benefit related obligations. GM Korea and Holden are most sensitive to our determination of whether it is more likely than not that their deferred tax assets will or will not be utilized.

In the future, we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing and in evaluating whether it is more likely than not that a goodwill impairment exists for reporting units with zero or negative carrying amounts. An event-driven impairment test is required if it is more likely than not that the fair value of a reporting unit is less than its carrying amount. Because our reporting units were recorded at their fair values upon application of fresh-start reporting, it is more likely a decrease in the fair value of our reporting units from their fresh-start reporting values could occur, and such a decrease would trigger the need to measure for possible goodwill impairments. GME has a negative carrying amount and GM Korea's fair value is less than its carrying amount, which increases the likelihood of measuring goodwill for further impairment in the near-term.

Upon the application of fresh-start reporting goodwill predominately resulted from our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, upon the application of fresh-start reporting, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets. The difference between these fair value-to-U.S. GAAP amounts (1) would decrease upon a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk; (2) could decrease upon an improvement in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) could decrease upon a change in the fair values of our estimated employee benefit obligations. A decrease will also occur upon reversal of our deferred tax asset valuation allowances. Should the fair value-to-U.S. GAAP differences decrease for these reasons, the implied goodwill balance will decline. Accordingly, at the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value or the reporting unit has a negative carrying amount, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value to-U.S. GAAP differences that gave rise to goodwill upon application of fresh-start reporting.

Refer to Note 12 to our consolidated financial statements for additional information on goodwill impairments, including risks of future goodwill impairment charges.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived assets are tested for impairment at the platform or vehicle line level. Non-product line specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Warranty and Recalls

The estimated costs related to policy and product warranties are accrued at the time products are sold, and the estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. However, where little or no claims experience exists for a model year or a vehicle line, the estimate is based on long-term historical averages. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 3 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the Securities and Exchange Commission (SEC) on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like "anticipate," "believe," "continue," "could," "designed," "effect," "estimate," "evaluate," "expect," "forecast," "goal," "initiative," "intend," "may," "objective," "outlook," "plan," "potential," "priorities," "project," "pursue," "seek," "should," "target," "when," "would," or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-K, 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources and an appropriate level of debt, including as required to fund our planned significant investment in new technology, and, even if funded, our ability to realize successful vehicle applications of new technology;
- The effect of business or liquidity difficulties for us or one or more subsidiaries on other entities in our corporate group as a result of our highly integrated and complex corporate structure and operation;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to take actions we believe are important to our long-term strategy;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing, which may be reduced or suspended;
- Our ability to develop captive financing capability, including through GM Financial;
- Overall strength and stability of general economic conditions and of the automotive industry, both in the U.S. and in global markets;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;

- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;

- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;

- Significant changes in economic and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;

- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;

- Costs and risks associated with litigation;

- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and

- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Quantitative and Qualitative Disclosures About Market Risk

Automotive

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee, which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee is composed of members of our Management and functions under the oversight of the Finance and Risk Committee, a committee of the Board of Directors. The Finance and Risk Committee assists and guides the Board in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions, in accordance with the policies and procedures approved by the Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

Further information on our exposure to market risk is included in Note 19 to our consolidated financial statements.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk, commodity price risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates, interest rate yield curves and commodity prices. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates and commodity prices change in a parallel fashion and that spot exchange rates change instantaneously. In addition, the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs, or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling, and financing in currencies other than the functional currencies of the operations. Derivative instruments, such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2011 such contracts have remaining maturities of up to 12 months. At December 31, 2011 our three most significant foreign currency exposures are the Euro/British Pound, U.S. Dollar/Korean Won and Euro/Korean Won.

At December 31, 2011 and 2010 the net fair value liability of financial instruments with exposure to foreign currency risk was $4.2 billion and $3.3 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $637 million and $513 million at December 31, 2011 and 2010.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial position.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement gains (losses) (dollars in millions):

	Successor	
	Year Ended December 31, 2011	Year Ended December 31, 2010
Foreign currency translation gain (loss) recorded in Accumulated other comprehensive income (loss)	$(167)	$ 235
Gain (loss) resulting from foreign currency transactions and remeasurements recorded in earnings	$ (56)	$(209)

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

At December 31, 2011 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Short-term debt — fixed rate	$ 573	$ 305
Short-term debt — variable rate	1,109	1,311
Total short-term debt	$1,682	$1,616
Short-term debt — fixed rate denominated in U.S. dollars	$ 135	$ 96
Short-term debt — fixed rate denominated in foreign currency	438	209
Total short-term debt — fixed rate	$ 573	$ 305
Short-term debt — variable rate denominated in U.S. dollars	$ 192	$ 347
Short-term debt — variable rate denominated in foreign currency	917	964
Total short-term debt — variable rate	$1,109	$1,311
Long-term debt — fixed rate	$3,536	$2,519
Long-term debt — variable rate	77	495
Total long-term debt	$3,613	$3,014
Long-term debt — fixed rate denominated in U.S. dollars	$ 525	$ 601
Long-term debt — fixed rate denominated in foreign currency	3,011	1,918
Total long-term debt — fixed rate	$3,536	$2,519
Long-term debt — variable rate denominated in U.S. dollars	$ 32	$ 287
Long-term debt — variable rate denominated in foreign currency	45	208
Total long-term debt — variable rate	$ 77	$ 495

At December 31, 2011 and 2010 the fair value liability of debt and capital leases was $5.5 billion and $4.8 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $152 million and $166 million at December 31, 2011 and 2010.

We invest in marketable securities of various types and maturities, the value of which are subject to fluctuations in interest rates. Our marketable securities portfolio includes marketable securities classified as Available-for-sale and Trading.

At December 31, 2011 and 2010 we had marketable securities of $10.1 billion and $5.4 billion classified as Available-for sale with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $28 million and $9 million at December 31, 2011 and 2010.

At December 31, 2011 and 2010 we had marketable securities of $6.0 billion and $107 million classified as Trading with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $20 million and $6 million at December 31, 2011 and 2010.

Commodity Price Risk

We are exposed to changes in prices of commodities primarily associated with various non-ferrous and precious metals for automotive components and energy used in the overall manufacturing process. Certain commodity purchase contracts meet the definition of a derivative. We use commodity options to offset our commodity price exposures.

At December 31, 2011 and 2010 the net fair value (liability) asset of commodity derivatives and commodity related embedded derivatives was $(11) million and $84 million. The potential loss in fair value resulting from a 10% adverse change in the underlying commodity prices would be $24 million and $47 million at December 31, 2011 and 2010. This amount excludes the offsetting effect of the commodity price risk inherent in the physical purchase of the underlying commodities.

Equity Price Risk

At December 31, 2011 the carrying amount of cost method investments was $439 million, of which the carrying amount of our investment in Ally Financial common stock was $403 million. In March 2011 we sold our investment in Ally Financial preferred stock for net proceeds of $1.0 billion. At December 31, 2010, the carrying amount of cost method investments was $1.7 billion, of which the carrying amounts of our investments in Ally Financial common stock and Ally Financial preferred stock were $964 million and $665 million. These amounts represent the maximum exposure to loss from these investments. Refer to Note 10 to our consolidated financial statements for further details on the sale of the Ally Financial preferred stock.

Automotive Financing — GM Financial

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities. The purchaser of the interest rate cap pays a premium in return for the right to receive the difference in the interest cost at any time a specified index of market interest rates rises above the stipulated cap or "strike" rate. The purchaser of the interest rate cap bears no obligation or liability if interest rates fall below the cap or "strike" rate. As part of GM Financial's interest rate risk management strategy and when economically feasible, it may simultaneously enter into a corresponding interest rate cap agreement in order to offset the premium paid by the trust to purchase the interest rate cap and thus retain the interest rate risk. The fair value of the interest rate cap agreement purchased is included in GM Financial Other assets and the fair value of the interest rate cap agreement sold is included in GM Financial Other liabilities.

Securitizations

In GM Financial's securitization transactions, it transfers fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions. GM Financial uses interest rate swaps to convert the variable rate exposures on securities issued by its securitization trusts to a fixed rate ("pay rate") and receive a floating or variable rate ("receive rate"), thereby locking in the gross interest rate spread to be earned by it over the life of a securitization. Interest rate swaps purchased by GM Financial do not affect the amount of cash flows received by holders of the asset-backed securities issued by the trusts. The interest rate swaps serve to offset the effect of increased or decreased interest paid by the trusts on floating rate asset-backed securities on the cash flows received from the trusts. GM Financial utilizes such arrangements to modify its net interest sensitivity to levels deemed appropriate based on risk tolerances. Its SPEs are contractually required to purchase a derivative financial instrument to protect the net spread in connection with the issuance of floating rate securities. The fair value of the interest rate caps purchased in connection with securitization transactions are included in GM Financial Other assets and the fair value of the interest rate caps sold are included in GM Financial Other liabilities. Changes in the fair value of the interest rate cap derivatives are a component of interest expense recorded in GM Financial operating and other expenses.

GM Financial has entered into interest rate swaps to hedge the variability in interest payments on seven of its active securitization transactions. Portions of these interest rate swaps are designated and qualify as cash flow hedges. The fair value of interest rate swaps designated as hedges is included in GM Financial Other liabilities. Interest rate swaps that are not designated as hedges are included in GM Financial Other assets.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2011 (dollars in millions):

	Years Ending December 31,						December 31, 2011
	2012	2013	2014	2015	2016	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,889	$2,571	$1,532	$ 946	$ 548	$ 265	$9,386
Weighted-average annual percentage rate	15.19%	15.04%	14.87%	14.71%	14.52%	14.60%	
Interest rate swap agreements							
Notional amounts	$ 485	$ 24	$ —	$ —	$ —	$ —	$ 2
Average pay rate	1.44%	1.17%	—	—	—	—	
Average receive rate	0.43%	0.84%	—	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 252	$ 259	$ 382	$ 319	$ 135	$ 166	$ 5
Average strike rate	4.00%	3.94%	3.71%	3.71%	3.50%	3.11%	
Liabilities							
Credit facilities							
Principal amounts	$1,099	$ —	$ —	$ —	$ —	$ —	$1,099
Weighted-average interest rate	1.88%	—	—	—	—	—	
Securitization notes							
Principal amounts	$3,164	$1,481	$1,022	$ 720	$ 422	$ 86	$6,946
Weighted-average interest rate	2.94%	3.51%	4.05%	4.58%	5.18%	3.64%	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ —	$ 500	$ 510
Weighted-average interest rate	—	—	—	—	—	6.75%	
Convertible senior notes payable							
Principal amounts	$ —	$ 1	$ —	$ —	$ —	$ —	$ 1
Weighted-average interest rate	—	2.13%	—	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 485	$ 24	$ —	$ —	$ —	$ —	$ 6
Average pay rate	1.44%	1.17%	—	—	—	—	
Average receive rate	0.43%	0.84%	—	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 210	$ 259	$ 382	$ 319	$ 135	$ 166	$ 5
Average strike rate	4.05%	3.94%	3.71%	3.71%	3.50%	3.11%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities by year of expected maturity and the fair value of those assets and liabilities at December 31, 2010 (dollars in millions):

	Years Ending December 31,						December 31, 2010
	2011	2012	2013	2014	2015	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,755	$2,434	$1,287	$ 678	$ 372	$ 161	$8,186
Weighted-average annual percentage rate	15.74%	15.66%	15.57%	15.36%	15.21%	15.37%	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 23
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 177	$ 164	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.81%	4.73%	4.71%	4.53%	4.18%	3.47%	
Liabilities							
Credit facilities							
Principal amounts	$ 533	$ 296	$ —	$ —	$ —	$ —	$ 832
Weighted-average interest rate	3.19%	2.28%	—	—	—	—	
Securitization notes							
Principal amounts	$2,961	$1,703	$ 659	$ 423	$ 275	$ —	$6,107
Weighted-average interest rate	3.44%	4.03%	4.44%	4.38%	4.88%	—	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 68	$ —	$ 71
Weighted-average interest rate	—	—	—	—	8.50%	—	
Convertible senior notes							
Principal amounts	$ 1	$ —	$ 1	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	0.75%	—	2.13%	—	—	—	
Interest rate swap agreements							
Notional amounts	$ 754	$ 460	$ 13	$ —	$ —	$ —	$ 47
Average pay rate	5.32%	3.53%	0.97%	—	—	—	
Average receive rate	1.03%	1.16%	0.43%	—	—	—	
Interest rate cap agreements							
Notional amounts	$ 104	$ 123	$ 144	$ 169	$ 79	$ 213	$ 8
Average strike rate	4.94%	4.85%	4.71%	4.53%	4.18%	3.47%	

GM Financial estimates the realization of financing receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Notional amounts on interest rate swaps and caps are based on contractual terms. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

The notional amounts of interest rate swaps and caps, which are used to calculate the contractual payments to be exchanged under the contracts, represent average amounts that will be outstanding for each of the years included in the table. Notional amounts do not represent amounts exchanged by parties and, thus, are not a measure of GM Financial's exposure to loss through its use of these derivatives.

GM Financial monitors hedging activities to ensure that the value of derivative financial instruments, their correlation to the contracts being hedged and the amounts being hedged continue to provide effective protection against interest rate risk. However, there can be no assurance that these strategies will be effective in minimizing interest rate risk or that increases in interest rates will not have an adverse effect on GM Financial's profitability. GM Financial does not enter into derivative transactions for speculative purposes.

* * * * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of General Motors Company and subsidiaries as of and for the year ended December 31, 2011 (Successor). Our report dated February 27, 2012 expressed an unqualified opinion on those financial statements and financial statement schedule and included an explanatory paragraph related to the Successor's adoption of revised accounting standards related to goodwill.

Deloitte & Touche LLP

Detroit, Michigan
February 27, 2012

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries as of December 31, 2011 (Successor) and 2010 (Successor), and the related Consolidated Statements of Operations, Cash Flows and Equity (Deficit) for the years ended December 31, 2011 (Successor) and 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the Consolidated Statements of Operations, Cash Flows and Equity (Deficit) of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor) (Successor and Predecessor collectively, the Company). Our audits also included Schedule II — Valuation and Qualifying Accounts (the “financial statement schedule”). These financial statements and financial statement schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2011 (Successor) and 2010 (Successor), and the results of their operations and their cash flows for the years ended December 31, 2011 (Successor) and 2010 (Successor) and the period July 10, 2009 through December 31, 2009 (Successor), and the results of operations and cash flows of General Motors Corporation and subsidiaries for the period January 1, 2009 through July 9, 2009 (Predecessor), in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, the Successor adopted amendments in Accounting Standards Update (ASU) 2010-28 and 2011-08 to Accounting Standards Codification (ASC) Topic 350, *Intangibles-Goodwill and Other*, effective January 1, 2011 and October 1, 2011, respectively.

As discussed in Note 15 to the consolidated financial statements, the Successor adopted amendments to Accounting Standards Codification (ASC) Topic 810, *Consolidation*, effective January 1, 2010.

As discussed in Note 32 to the consolidated financial statements, on July 10, 2009 the Successor completed the acquisition of substantially all of the assets and assumed certain of the liabilities of the Predecessor in accordance with the Amended and Restated Master Sale and Purchase Agreement pursuant to Section 363(b) of the Bankruptcy Code and the Bankruptcy Court sale order dated July 5, 2009. Accordingly, the accompanying consolidated financial statements have been prepared in accordance with ASC Topic 852, *Reorganizations*. The Successor applied fresh-start reporting and recognized the acquired net assets at fair value, resulting in a lack of comparability with the prior period financial statements of the Predecessor.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Successor’s internal control over financial reporting as of December 31, 2011, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2012 expressed an unqualified opinion on the Successor’s internal control over financial reporting.

Deloitte & Touche LLP

Detroit, Michigan
February 27, 2012

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Net sales and revenue				
Automotive sales and revenue	$148,866	$135,311	$57,474	$ 47,115
GM Financial revenue	1,410	281	—	—
Total net sales and revenue	150,276	135,592	57,474	47,115
Costs and expenses				
Automotive cost of sales	130,386	118,768	56,316	55,814
GM Financial operating and other expenses	785	152	—	—
Automotive selling, general and administrative expense	12,105	11,446	6,006	6,161
Other automotive expenses, net	58	118	15	1,235
Goodwill impairment charges	1,286	—	—	—
Total costs and expenses	144,620	130,484	62,337	63,210
Operating income (loss)	5,656	5,108	(4,863)	(16,095)
Equity in income of and disposition of interest in Ally Financial	—	—	—	1,380
Automotive interest expense	540	1,098	694	5,428
Interest income and other non-operating income, net	851	1,531	375	852
Gain (loss) on extinguishment of debt	18	196	(101)	(1,088)
Reorganization gains, net (Note 32)	—	—	—	128,155
Income (loss) before income taxes and equity income	5,985	5,737	(5,283)	107,776
Income tax expense (benefit)	(110)	672	(1,000)	(1,166)
Equity income, net of tax and gain on disposal of investments	3,192	1,438	497	61
Net income (loss)	9,287	6,503	(3,786)	109,003
Net (income) loss attributable to noncontrolling interests	(97)	(331)	(511)	115
Net income (loss) attributable to stockholders	$ 9,190	$ 6,172	$ (4,297)	$109,118
Net income (loss) attributable to common stockholders	$ 7,585	$ 4,668	$ (4,428)	$109,118
Earnings (loss) per share (Note 26)				
Basic				
Basic earnings per common share	$ 4.94	$ 3.11	$ (3.58)	$ 178.63
Weighted-average common shares outstanding	1,536	1,500	1,238	611
Diluted				
Diluted earnings per common share	$ 4.58	$ 2.89	$ (3.58)	$ 178.55
Weighted-average common shares outstanding	1,668	1,624	1,238	611

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except per share amounts)

	Successor	
	December 31, 2011	December 31, 2010
ASSETS		
Automotive Current Assets		
Cash and cash equivalents	$ 15,499	$ 21,061
Marketable securities	16,148	5,555
Restricted cash and marketable securities	206	1,240
Accounts and notes receivable (net of allowance of $331 and $252)	9,949	8,699
Inventories	14,324	12,125
Equipment on operating leases, net	2,464	2,568
Other current assets and deferred income taxes	1,657	1,805
Total current assets	60,247	53,053
Automotive Non-current Assets		
Restricted cash and marketable securities	912	1,160
Equity in net assets of nonconsolidated affiliates	6,790	8,529
Property, net	22,957	19,235
Goodwill	27,741	30,513
Intangible assets, net	10,013	11,882
Other assets and deferred income taxes	2,900	3,594
Total non-current assets	71,313	74,913
Total Automotive Assets	131,560	127,966
GM Financial Assets		
Finance receivables, net (including gross finance receivables transferred to SPEs of $9,068 and $7,156)	9,162	8,197
Restricted cash	1,115	1,090
Goodwill	1,278	1,265
Other assets (including leased assets, net transferred to SPEs of $274 and $0)	1,488	380
Total GM Financial Assets	13,043	10,932
Total Assets	$144,603	$138,898
LIABILITIES AND EQUITY		
Automotive Current Liabilities		
Accounts payable (principally trade)	$ 24,494	$ 21,497
Short-term debt and current portion of long-term debt (including certain debt at GM Korea of $171 and $70; Note 15)	1,682	1,616
Accrued liabilities (including derivative liabilities at GM Korea of $44 and $111; Note 15)	22,756	24,044
Total current liabilities	48,932	47,157
Automotive Non-current Liabilities		
Long-term debt (including certain debt at GM Korea of $7 and $835; Note 15)	3,613	3,014
Postretirement benefits other than pensions	6,836	9,294
Pensions	25,075	21,894
Other liabilities and deferred income taxes	12,336	13,021
Total non-current liabilities	47,860	47,223
Total Automotive Liabilities	96,792	94,380
GM Financial Liabilities		
Securitization notes payable (Note 17)	6,938	6,128
Credit facilities	1,099	832
Other liabilities	783	399
Total GM Financial Liabilities	8,820	7,359
Total Liabilities	105,612	101,739
Commitments and contingencies (Note 20)		
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2011 and 2010)	5,536	5,536
Series B (100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2011 and 2010)	4,855	4,855
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,564,727,289 shares and 1,500,136,998 shares issued and outstanding at December 31, 2011 and 2010)	16	15
Capital surplus (principally additional paid-in capital)	26,391	24,257
Retained earnings	7,183	266
Accumulated other comprehensive income (loss)	(5,861)	1,251
Total stockholders' equity	38,120	36,180
Noncontrolling interests	871	979
Total Equity	38,991	37,159
Total Liabilities and Equity	$144,603	$138,898

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Cash flows from operating activities				
Net income (loss)	$ 9,287	$ 6,503	$(3,786)	$ 109,003
Less: GM Financial income, net	437	90	—	—
Automotive income (loss)	8,850	6,413	(3,786)	109,003
Adjustments to reconcile Automotive income (loss) to net cash provided by (used in) operating activities–Automotive				
Depreciation, impairment charges and amortization expense	7,344	6,923	4,511	6,873
Foreign currency remeasurement and transaction loss	56	209	755	1,077
Amortization of discount and issuance costs on debt issues	200	163	140	3,897
(Gain) loss related to Saab deconsolidation and bankruptcy filing	—	—	(59)	478
Undistributed (earnings) losses of nonconsolidated affiliates and gain on disposal of investments	(1,947)	(753)	(497)	1,036
Pension contributions and OPEB payments	(2,269)	(5,723)	(5,832)	(2,472)
Pension and OPEB (income) expense, net	(755)	412	3,570	3,234
Withdrawals (contributions) from/to VEBA	—	—	(252)	9
(Gain) loss on extinguishment of debt	(18)	(196)	101	1,088
Gain on disposition of Ally Financial Common Membership Interests	—	—	—	(2,477)
Reorganization gains, net (including cash payments $408)	—	—	—	(128,563)
Provisions (benefits) for deferred taxes	(311)	242	(1,427)	(600)
Change in other investments and miscellaneous assets	(155)	(137)	292	596
Increase (decrease) in other operating assets and liabilities (Note 31)	(3,897)	(981)	3,372	(10,229)
Other	331	17	176	(1,253)
Net cash provided by (used in) operating activities–Automotive	7,429	6,589	1,064	(18,303)
GM Financial income, net	437	90	—	—
Adjustments to reconcile income to net cash provided by (used in) operating activities	370	86	—	—
Change in operating assets and liabilities	(70)	15	—	—
Net cash provided by operating activities–GM Financial	737	191	—	—
Net cash provided by (used in) operating activities	8,166	6,780	1,064	(18,303)

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS — (Continued)
(In millions)

	Successor			Predecessor
	Year Ended December 31, 2011	**Year Ended December 31, 2010**	**July 10, 2009 Through December 31, 2009**	**January 1, 2009 Through July 9, 2009**
Cash flows from investing activities				
Expenditures for property	(6,241)	(4,200)	(1,862)	(3,517)
Available-for-sale marketable securities, acquisitions	(20,535)	(11,012)	—	(202)
Trading marketable securities, acquisitions	(6,571)	(358)	(158)	—
Available-for-sale marketable securities, liquidations	15,825	5,611	3	185
Trading marketable securities, liquidations	660	343	168	—
Acquisition of companies, net of cash acquired other than cash acquired with GM Financial	(53)	(3,580)	(2,127)	—
Increase due to consolidation of business units	—	63	222	46
Distributions from (investments in) Ally Financial	—	—	72	(884)
Operating leases, liquidations	9	346	564	1,307
Proceeds from sale of business units/investments, net	4,821	317	—	—
Increase in restricted cash and marketable securities	(543)	(871)	(3,604)	(18,461)
Decrease in restricted cash and marketable securities	1,894	13,823	8,775	418
Other investing activities	106	236	103	(26)
Net cash provided by (used in) investing activities–Automotive	(10,628)	718	2,156	(21,134)
GM Financial cash on hand at acquisition	—	538	—	—
Purchases of receivables	(5,012)	(947)	—	—
Principal collections and recoveries on receivables	3,719	871	—	—
Purchases of leased vehicles	(837)	(11)	—	—
Other investing activities	18	64	—	—
Net cash provided by (used in) investing activities–GM Financial	(2,112)	515	—	—
Net cash provided by (used in) investing activities	(12,740)	1,233	2,156	(21,134)
Cash flows from financing activities				
Net increase (decrease) in short-term debt	131	(1,097)	(352)	(2,364)
Proceeds from issuance of debt (original maturities greater than three months)	467	718	6,153	53,949
Payments on debt (original maturities greater than three months)	(1,471)	(10,536)	(5,259)	(6,072)
Proceeds from issuance of stock	11	4,857	—	—
Payments to repurchase stock	—	(1,462)	—	—
Cash, cash equivalents and restricted cash retained by MLC	—	—	—	(1,216)
Payments to acquire noncontrolling interest	(100)	(6)	(100)	(5)
Debt issuance costs and fees paid for debt modification	—	(161)	—	(63)
Cash dividends paid (including premium paid on redemption of stock)	(916)	(1,572)	(97)	—
Net cash provided by (used in) financing activities–Automotive	(1,878)	(9,259)	345	44,229
Proceeds from issuance of debt (original maturities greater than three months)	8,567	1,168	—	—
Payments on debt (original maturities greater than three months)	(6,997)	(1,675)	—	—
Other financing activities	(50)	(4)	—	—
Net cash provided by (used in) financing activities–GM Financial	1,520	(511)	—	—
Net cash provided by (used in) financing activities	(358)	(9,770)	345	44,229
Effect of exchange rate changes on cash and cash equivalents–GM Financial	(3)	—	—	—
Net transactions with Automotive	235	—	—	—
Net increase in cash and cash equivalents–GM Financial	377	195	—	—
Cash and cash equivalents at beginning of period–GM Financial	195	—	—	—
Cash and cash equivalents at end of period–GM Financial	$ 572	$ 195	$ —	$ —
Effect of exchange rate changes on cash and cash equivalents–Automotive	$ (250)	$ (57)	$ 492	$ 168
Net transactions with GM Financial	(235)	—	—	—
Net increase (decrease) in cash and cash equivalents–Automotive	(5,562)	(2,009)	4,057	4,960
Cash and cash equivalents reclassified as assets held for sale–Automotive	—	391	(391)	—
Cash and cash equivalents at beginning of period–Automotive	21,061	22,679	19,013	14,053
Cash and cash equivalents at end of period–Automotive	$ 15,499	$ 21,061	$22,679	$ 19,013

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT)
(In millions)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retain Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance December 31, 2008, Predecessor	$—	$—	$ 1,017	$ 16,489	$ (70,727)	$(32,339)	$ 484		$ (85,076)
Net income (loss)	—	—	—	—	109,118	—	(115)	$109,003	109,003
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	232	(85)	147	
Cash flow hedging gains, net	—	—	—	—	—	99	177	276	
Unrealized gain on securities	—	—	—	—	—	46	—	46	
Defined benefit plans, net (Note 18)	—	—	—	—	—	(3,408)	—	(3,408)	
Other comprehensive loss						(3,031)	92	(2,939)	(2,939)
Comprehensive income								$106,064	
Dividends declared or paid to noncontrolling interests	—	—	—	—	—	—	(26)		(26)
Other	—	—	1	5	(1)	—	(27)		(22)
Balance July 9, 2009, Predecessor	—	—	1,018	16,494	38,390	(35,370)	408		20,940
Fresh-start reporting adjustments:									
Elimination of predecessor common stock, capital surplus and accumulated deficit	—	—	(1,018)	(16,494)	(38,390)	—	—		(55,902)
Elimination of accumulated other comprehensive loss	—	—	—	—	—	35,370	—		35,370
Issuance of GM common stock	—	—	12	18,779	—	—	—		18,791
Balance July 10, 2009 Successor	—	—	12	18,779	—	—	408		19,199
Net income (loss)	—	—	—	—	(4,297)	—	511	$ (3,786)	(3,786)
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	157	(33)	124	
Cash flow hedging losses, net	—	—	—	—	—	(1)	—	(1)	
Unrealized gain on securities	—	—	—	—	—	2	—	2	
Defined benefit plans, net (Note 18)	—	—	—	—	—	1,430	—	1,430	
Other comprehensive income						1,588	(33)	1,555	1,555
Comprehensive loss								$ (2,231)	
Common stock and warrants related to settlement of UAW hourly retiree medical plan	—	—	3	5,153	—	—	—		5,156
Purchases of noncontrolling interest	—	—	—	108	—	—	(208)		(100)
Cash dividends paid on Series A Preferred Stock	—	—	—	—	(97)	—	—		(97)
Other	—	—	—	—	—	—	30		30
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY (DEFICIT) — (Continued)
(In millions)

			Common Stockholders'						
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Capital Surplus	Retain Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Comprehensive Income (Loss)	Total Equity (Deficit)
Balance December 31, 2009, Successor	—	—	15	24,040	(4,394)	1,588	708		21,957
Net income	—	—	—	—	6,172	—	331	$ 6,503	6,503
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	223	(13)	210	
Cash flow hedging losses, net	—	—	—	—	—	(22)	—	(22)	
Unrealized loss on securities	—	—	—	—	—	(7)	—	(7)	
Defined benefit plans, net (Note 18)	—	—	—	—	—	(545)	—	(545)	
Other comprehensive loss	—	—	—	—	—	(351)	(13)	(364)	(364)
Comprehensive income								$ 6,139	
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—		5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—		4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)		(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)		(6)
Sale of businesses	—	—	—	—	—	14	(18)		(4)
Stock-based compensation	—	—	—	216	—	—	—		216
Effect of adoption of amendments to ASC 810 regarding variable interest entities	—	—	—	—	—	—	76		76
Cash dividends paid on Series A Preferred Stock and Cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—		(1,512)
Other	—	—	—	—	—	—	(13)		(13)
Balance December 31, 2010, Successor	5,536	4,855	15	24,257	266	1,251	979		37,159
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Notes 3 and 12)	—	—	—	—	(1,466)	—	—	—	(1,466)
Net income	—	—	—	—	9,190	—	97	$ 9,287	9,287
Other comprehensive income (loss)									
Foreign currency translation adjustments	—	—	—	—	—	(176)	(10)	(186)	
Cash flow hedging gains, net	—	—	—	—	—	15	—	15	
Unrealized gain on securities	—	—	—	—	—	1	—	1	
Defined benefit plans, net (Note 18)	—	—	—	—	—	(6,903)	—	(6,903)	
Sale of interest in nonconsolidated affiliate	—	—	—	—	—	(42)	—	(42)	
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)	(7,115)
Comprehensive income								$ 2,172	
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)		(100)
Exercise of common stock warrants	—	—	—	11	—	—	—		11
Stock based compensation	—	—	—	219	—	—	—		219
Pension plan stock contribution (Note 18)	—	—	1	1,863	—	—	—		1,864
Cumulative dividends on Series A and Series B Preferred Stock	—	—	—	—	(859)	—	—		(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)		(54)
Deconsolidation of noncontrolling interest	—	—	—	—	—	—	(9)		(9)
Other	—	—	—	—	52	—	2		54
Balance December 31, 2011, Successor	$5,536	$4,855	$16	$26,391	$ 7,183	$(5,861)	$ 871		$38,991

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM,” and is the successor entity solely for accounting and financial reporting purposes (Successor). General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as “Old GM.” Prior to July 10, 2009 Old GM operated the business of the Company, and pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements and those of Motors Liquidation Company (MLC), the accompanying consolidated financial statements include the financial statements and related information of Old GM as it is the predecessor entity solely for accounting and financial reporting purposes (Predecessor). On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company. On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC’s dissolution. MLC transferred to the GUC Trust all of MLC’s remaining undistributed shares of our common stock and warrants to acquire our common stock.

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Note 2. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest. These also include the accounts of the variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation. Old GM utilized the same principles of consolidation in its consolidated financial statements.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The assets and liabilities of GM Financial, our automotive finance operations, are presented on a non-classified basis. The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Presentation of Financial Statements

We changed the presentation of our consolidated balance sheet, consolidated statement of cash flows and certain footnotes to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

In the year ended December 31, 2011 we have recorded foreign currency exchange gains and losses on debt as non-operating items. This is a change from prior period presentations in which foreign currency exchange gains and losses on debt were recorded in Automotive cost of sales. We have reclassified all the successor prior periods to conform to our current presentation. The effects of this reclassification decreased Automotive cost of sales and Interest income and other non-operating income, net by $24 million for the year ended December 31, 2010 and $65 million for the period July 10, 2009 through December 31, 2009.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates as well as our ability to fully benefit from these operations.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations in 2011 because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

The aggregate net assets of our Venezuelan subsidiaries at December 31, 2011 and 2010 were $438 million and $337 million. At December 31, 2011 and 2010 other consolidated entities have receivables from our Venezuelan subsidiaries of $380 million and $283 million. The total amounts pending government approval for settlement at December 31, 2011 and 2010 were BsF 2.3 billion (equivalent to $535 million) and BsF 1.9 billion (equivalent to $432 million), for which some requests have been pending from 2007.

Note 3. Significant Accounting Policies

In connection with our application of fresh-start reporting, we established a set of accounting policies which, unless otherwise indicated, utilized the accounting policies of our predecessor entity, Old GM. The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and risks and rewards of ownership have passed, which is generally when a vehicle is released to the carrier responsible for transporting it to a dealer and when collectability is reasonably assured. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales and revenue at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Payments received from banks for credit card programs in which there is a redemption liability are recorded on a straight-line basis over the estimated period of time the customer will accumulate and redeem their rebate points. This time period is estimated to be 60 months for the majority of the credit card programs. The redemption liability anticipated to be paid to the dealer is estimated and accrued at the time specific vehicles are sold to the dealer. The redemption cost is classified as a reduction of Automotive sales.

Automotive Financing — GM Financial

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual resumes once an account has received payments bringing the delinquency to less than 60 days past due.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising

The following table summarizes advertising expenditures, which are expensed as incurred (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Advertising expense	$4,478	$4,259	$2,110	$1,471

Research and Development Expenditures

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Research and development expense	$8,124	$6,962	$3,034	$3,017

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt, certificates of deposit, and corporate debt securities are classified as Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

We measure fair value of our marketable securities using a market approach where identical or comparable prices are available, and an income approach in other cases. We obtain the majority of the prices used in this valuation from a pricing service. We conduct an annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields, and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices.

An evaluation is made monthly to determine if unrealized losses related to non-trading investments in securities are other than temporary. Factors considered in determining whether a loss on a marketable security is other than temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

Pre-Acquisition Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit Corp. (AmeriCredit) were adjusted to fair value at October 1, 2010. As a result of the acquisition the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. The fair value of the receivables was less than the principal amount of those receivables, thus resulting in a discount to par. This discount was attributable, in part, to future credit losses that did not exist at the origination of the receivables.

A non-accretable difference is the excess between a loan's contractually required payments (undiscounted amount of all uncollected principal and contractual interest payments, both past due and scheduled for the future) and the amount of the loan's cash flows expected to be collected. An accretable yield is the excess in the loan's cash flows expected to be collected over the initial investment in the loan, which at October 1, 2010 was fair value.

As a result of purchase accounting GM Financial evaluated the common risk characteristics of the loan portfolio and split it into several pools. GM Financial's policy is to remove a charged off loan individually from a pool based on comparing any amount received with its contractual amount. Any difference between these amounts is absorbed by the non-accretable difference. This removal method assumes that the amount received approximates pool performance expectations. The remaining accretable yield balance is unaffected and any material change in remaining effective yield caused by this removal method is addressed by GM Financial's quarterly cash flow evaluation process for each pool. For loans that are resolved by payment in full there is no release of the non-accretable difference for the pool because there is no difference between the amount received and the contractual amount of the loan.

Any deterioration in the performance of the pre-acquisition receivables will result in recording an incremental provision for loan losses. Improvements in the performance of the pre-acquisition receivables which results in a significant increase in actual or expected cash flows will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

Post-Acquisition Finance Receivables and Allowance for Loan Losses

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. GM Financial reviews charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. GM Financial also uses historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date. Assumptions regarding credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumption or loss confirmation period increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses recorded on the consolidated statements of operations.

Inventory

Inventories are stated at the lower of cost or market. In connection with fresh-start reporting, we elected to use the FIFO costing method for all inventories previously accounted for by Old GM using the LIFO costing method.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net, including leased vehicles within Total GM Financial Assets, is reported at cost, less accumulated depreciation, net of origination fees or costs, and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have and Old GM had significant investments in vehicles in operating lease portfolios, which are comprised of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are and Old GM was exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the assets at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the undiscounted expected future cash flows, which include estimated residual values, are lower than the carrying amount of the asset. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our Automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. In our Automotive Finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell, and upon disposition a gain or loss is recorded for any difference between the net book value of the lease and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other than temporary. In determining if a decline is other than temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax. Impairment charges related to cost method investments are recorded in Interest income and other non-operating, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. The gross amount of assets under capital leases is included in property, plant and equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. For depreciable property placed in service before January 2001, Old GM used accelerated depreciation methods. For depreciable property placed in service after January 2001, Old GM used the straight-line method. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. In connection with our application of fresh-start reporting, we began amortizing all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Old GM amortized all special tools using the straight-line method over their estimated useful lives.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. An impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships and dealer networks.

Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Fair value is determined primarily using the anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan's termination date for the plan which provides legal services.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany comprise 92% of the non-U.S. pension benefit obligation at December 31, 2011. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach, similar to the U.S. approach.

In countries other than the U.S., Canada, United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

In the U.S., Old GM established a discount rate assumption to reflect the yield of a hypothetical portfolio of high quality, fixed-income debt instruments that would produce cash flows sufficient in timing and amount to satisfy projected future benefits.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

Group Annuity Contracts

Group annuity contracts are the contracts entered into with a life insurance company, which are used as a funding instrument for specified benefits payments to be made in accordance with the defined benefit pension plans. The contracts may be backed by one or more separately managed investment accounts, which generally hold investments in high quality fixed income securities. The fair value of each contract depends, to a significant extent, on the values of the units of the separately managed investment accounts backing the contract. The fair value of the separately managed investment account assets is based on the fair value of the underlying securities held which are determined by each of the insurance companies. From time to time, the defined benefit pension plans' liabilities may increase when certain contractually required reserves, as estimated by an insurer under the terms of the contract, exceed the fair value of contract assets. The resulting difference represents an outstanding contract asset deficiency that must be funded by the defined benefit pension plan's sponsor. Group annuity contracts are unallocated arrangements and are classified in Level 3.

Common and Preferred Stock

Common and preferred stock securities for which market prices are readily available by the Company at the measurement date, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, floating rate notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level and other factors in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded, and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified as Level 3.

Fair value estimates for private investment funds, private equity, private debt, and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short term, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through independent pricing services with observable inputs are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings. Old GM amortized net actuarial gains and losses over the remaining duration of the obligation.

Labor Force

On a worldwide basis, we have and Old GM had a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2011 48,000 of our U.S. employees (or 62%) were represented by unions, of which 47,000 employees were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The current labor contract with the UAW is effective for a four-year term that began in October 2011 and expires in September 2015. The contract included a $5,000 lump sum payment to each eligible UAW employee in the year ended December 31, 2011 and three additional lump sum payments of $1,000 to be paid annually in the years ending December 31, 2012, 2013 and 2014. These lump sum payments totaling $381 million are being amortized over the four-year contract period.

Job Security Programs

Effective with our current labor agreement the Job Opportunity Bank (JOBS) Program was eliminated and the Supplemental Unemployment Benefit (SUB) program and the Transitional Support Program (TSP) were retained. These modified job security programs provide employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to Canadian Auto Workers Union (CAW) employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Prior to the implementation of the modified job security programs in May 2009, costs for postemployment benefits to hourly employees idled on an other than temporary basis were accrued based on the best estimate of the wage, benefit and other costs to be incurred, and costs related to the temporary idling of employees were expensed as incurred.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value. We grant awards to our employees through the 2009 Long Term Incentive Plan and the GM Salary Stock Plan. We record compensation expense over the applicable vesting period of an award.

Prior to our public offering in November and December 2010, the fair value of awards granted was based on the estimated fair value of our common stock. Commencing in November 2010 the fair value of our common stock is based on the New York Stock Exchange trading price.

Salary stock awards granted are fully vested and nonforfeitable upon grant, therefore, compensation cost is recorded on the date of grant.

Policy, Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish and Old GM established valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider and Old GM considered the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook;

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize and Old GM utilized a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit). Old GM recorded interest income on uncertain tax positions in Interest income and other non-operating income, net, interest expense in Automotive interest expense and penalties in Automotive selling, general and administrative expense.

Derivative Instruments

We are party to a variety of foreign currency exchange rate, commodity, interest rate swap and interest rate cap derivative contracts entered into in connection with the management of exposure to fluctuations in certain foreign currency exchange rates, commodity prices and interest rates.

In connection with certain long-term supply contracts that we have entered into, we have identified embedded derivatives which we have bifurcated for valuation and accounting purposes.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors and current and forward market prices for foreign currency exchange rates and commodities. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily price, are classified in Level 3.

The valuation of derivative liabilities takes into account our nonperformance risk. At December 31, 2011 and 2010 our nonperformance risk was not observable through a liquid credit default swap market. Our nonperformance risk was estimated using internal analysis to develop conclusions on our implied unsecured credit rating, which we used to determine the appropriate credit spread, which would be applied to us by market participants. Prior to receiving published credit ratings we developed our credit rating conclusions using an analysis of comparable industrial companies. At December 31, 2011 and 2010 we incorporated our published credit agency ratings into our credit rating conclusions. Beginning in December 2010 we determined that our non-performance risk no longer represents a significant input in the determination of the fair value of our foreign currency exchange derivatives. Consequently, all automotive operations foreign currency exchange derivative liabilities were reclassified to Level 2.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating and other expenses.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gains (losses), net within a separate component of Accumulated other comprehensive income. Amounts are reclassified from Accumulated other comprehensive income when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph, are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt which are recorded in Interest income and other non-operating income, net.

The following table summarizes the effects of foreign currency transactions and remeasurement (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Gain (loss) resulting from foreign currency transactions and remeasurement	$(55)	$(210)	$(755)	$(1,077)

Recently Adopted Accounting Principles

In December 2010 the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2010-28, "Intangibles — Goodwill and Other: When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28). The amendments in ASU 2010-28 modify Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, an entity is required to perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU 2010-28 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2010. Any resulting goodwill impairment is recorded as a cumulative-effect adjustment to beginning Retained earnings at the date of adoption with future impairments recorded to earnings. Refer to Note 12 for additional information on the adoption of ASU 2010-28 and its effect on the consolidated financial statements.

In September 2011 the FASB issued ASU 2011-08, "Testing Goodwill for Impairment" (ASU 2011-08). Under the revised guidance entities testing for goodwill impairment have an option of performing a qualitative assessment before calculating the fair value for the reporting unit, i.e., Step 1 of the goodwill impairment test. If an entity determines on a basis of qualitative factors that the fair value of the reporting unit is more likely than not less than the carrying amount the first step of the two-step impairment test would be required. If it is not more likely than not that the fair value of the reporting unit is less than the carrying amount, then goodwill is not considered to be impaired. ASU 2011-08 does not change how goodwill is calculated or assigned to reporting units, nor does it revise the requirement to test goodwill at least annually for impairment. We adopted ASU 2011-08 effective October 1, 2011. The adoption of this ASU did not have an effect on the conclusions reached during our goodwill impairment assessments performed in the three months ended December 31, 2011.

Accounting Standards Not Yet Adopted

In May 2011 the FASB issued ASU 2011-04, "Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (ASU 2011-04). Key provisions of the amendments in ASU 2011-04 include: (1) a prohibition on grouping financial instruments for purposes of determining fair value, except in limited cases; (2) an extension of the prohibition against the use of a blockage factor to all fair value measurements; and (3) a requirement that for recurring Level 3 fair value measurements, entities disclose quantitative information about unobservable inputs, a description of the valuation process used and qualitative details about the sensitivity of the measurements. For items not carried at fair value but for which fair value is disclosed, entities will be required to disclose the level within the fair value hierarchy that applies to the fair value measurement disclosed. This ASU is effective for interim and annual periods beginning after December 15, 2011. The adoption of ASU 2011-04 is not expected to have a significant effect on our fair value measurements utilized within the consolidated financial statements.

Note 4. Acquisition and Disposal of Businesses

Acquisition of Additional GM Korea Interests

In March 2011 we completed the acquisition of an additional 6.9% interest in GM Korea Company (GM Korea) for cash of $100 million. The transaction was accounted for as an equity transaction as we retain the controlling financial interest in GM Korea. This transaction reduced our equity attributable to Noncontrolling interests by $134 million and our Accumulated other comprehensive income by $7 million and increased our Capital surplus by $41 million. We now own 77.0% of the outstanding shares of GM Korea.

Acquisition of AmeriCredit

In October 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of $3.5 billion. This acquisition allows us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	Successor
	October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating expenses and other.

(b) The fair value of Finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the GM Financial reporting unit. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the years ended December 31, 2011 and 2010, as well as the supplemental pro forma revenue and earnings of the combined entity for the year ended December 31, 2010 as if the acquisition had occurred on January 1, 2010 and for the periods July 10, 2009 through December 31, 2009 and January 1, 2009 through July 9, 2009, as if the acquisition had occurred on January 1, 2009 (dollars in millions):

	Successor				Predecessor
			Pro Forma-Combined (Unaudited)		Pro Forma-Combined (Unaudited)
	GM Financial Amounts For Year Ended December 31, 2011	GM Financial Amounts For Year Ended December 31, 2010	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue	$1,410	$281	$136,645	$58,215	$ 48,074
Net income (loss) attributable to stockholders	$ 440	$ 90	$ 6,651	$ (4,125)	$109,234

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2010 and January 1, 2009, nor are they indicative of future results.

Sale of Nexteer

In November 2010 we completed the sale of Nexteer Automotive Corporation (Nexteer), a manufacturer of steering components and half-shafts, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009 as discussed under Acquisition of Delphi Businesses below. The 2009 acquisition of Nexteer included 22 manufacturing facilities, six engineering facilities and 14 customer support centers located in North and South America, Europe and Asia.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third party suppliers and we remain a significant customer. During the year ended December 31, 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us. During the period from October 6, 2009, the date of acquisition, to December 31, 2009, Nexteer reported revenue of $453 million, of which $218 million were sales to us. We did not provide the pro forma financial information because we do not believe the information was material.

Acquisition of General Motors Strasbourg

In October 2010 we acquired 100% of the outstanding equity interest of General Motors Strasbourg S.A.S. (GMS) for cash of one Euro from MLC. GMS is an entity engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles which was previously owned by Old GM but retained by MLC in connection with the 363 Sale. MLC was unable to sell GMS and upon notification of their plan to liquidate GMS, we agreed to repurchase the business.

We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010 and have included GMS's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	Successor
	October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, recorded in Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information was material.

Sale of India Operations

In December 2009 we and SAIC Motor Hong Kong Investment Limited (SAIC-HK) entered into a joint venture, SAIC GM Investment Limited (HKJV) to invest in automotive projects outside of markets in China, initially focusing on markets in India. In February 2010 we sold certain of our operations in India (GM India), part of our GMIO segment to HKJV, in exchange for a promissory note due in 2013. The amount due under the promissory note may be partially reduced, or increased, based on GM India's cumulative earnings before interest and taxes for the three year period ending December 31, 2012. In connection with the sale we recorded net consideration of $185 million and an insignificant gain. The sale transaction resulted in a loss of control and the deconsolidation of GM India on February 1, 2010. Accordingly, we removed the assets and liabilities of GM India from our consolidated balance sheets and recorded an equity interest in HKJV to reflect cash of $50 million we contributed to HKJV and a $123 million commitment to provide additional capital that we are required to make in accordance with the terms of the joint venture agreement. We recorded a corresponding liability to reflect our obligation to provide additional capital.

In connection with this transaction, we provided an option to SAIC-HK to not participate in future capital injections, which would otherwise be required under certain circumstances. SAIC-HK still held this option at December 31, 2011. The related option liability was $88 million and $24 million at December 31, 2011 and 2010, measured utilizing Level 3 inputs. Total unrealized losses related to this option were $64 million and $3 million in the years ended December 31, 2011 and 2010.

Acquisition of Delphi Businesses

In July 2009 we entered into the Delphi Master Disposition Agreement (DMDA) with Delphi Corporation (Delphi) and other parties. The terms of the DMDA provided a means for Delphi to emerge from bankruptcy and to effectively serve its customers by focusing on its core business. The DMDA settled outstanding claims and assessments against and from MLC, us and Delphi, including the settlement of commitments under the Delphi-GM Settlement Agreements (as defined in Note 20) with limited exceptions, and establishes an ongoing commercial relationship with New Delphi (as subsequently defined). The DMDA also enabled us to access essential components and steering technologies through the businesses we acquired.

We agreed to acquire Nexteer, Delphi's global steering business, which supplied us and other original equipment manufacturers with steering systems and columns, and four domestic facilities that manufacture a variety of automotive components. We and several third party investors agreed to acquire substantially all of Delphi's remaining assets through a newly formed entity, subsequently named Delphi Automotive LLP (New Delphi). We agreed to acquire all the Class A Membership Interests in New Delphi with the other investors acquiring Class B Membership Interests and the Pension Benefit Guarantee Corporation (PBGC) receiving Class C Membership Interests. We also agreed to pay or assume certain Delphi obligations of $1.0 billion.

In October 2009 we consummated the transactions contemplated by the DMDA. We funded the acquisitions, transaction related costs and settlements of certain pre-existing arrangements through net cash payments of $2.7 billion and assumption of liabilities and wind-down obligations of $120 million. We waived our rights to $850 million previously advanced to Delphi and our rights to claims associated with previously transferred pension costs for hourly employees. Of these amounts, we contributed $1.7 billion to New Delphi and paid the PBGC $70 million.

The terms of the DMDA resulted in the settlement of certain obligations related to various commitments accrued as of the transaction date under the Delphi-GM Settlement Agreements. A settlement loss of $127 million was recorded upon consummation of the DMDA. Additional net charges of $49 million were recorded in the three months ended December 31, 2009 associated with the DMDA. Refer to Note 20 for additional information on the Delphi-GM Settlement Agreements.

The following table summarizes the consideration provided under the DMDA and the allocation to its various elements based on their estimated fair values (dollars in millions):

	Successor
	October 6, 2009
Net cash paid	$2,656
Waived advance agreements, payment terms acceleration agreement and other administrative claims	966
Wind-down obligations and assumed liabilities	120
Total consideration provided	$3,742
Fair value of Nexteer and four facilities	$ 287
Fair value of Class A Membership Interests in New Delphi	1,912
Separately acquired assets of Delphi	41
Settlement of obligation to PBGC	387
Settlement of other obligations to Delphi	1,066
Expenses of the transaction	49
Allocation of fair value to DMDA elements	$3,742

The following table summarizes the amounts allocated to the fair value of the assets acquired and liabilities assumed of Nexteer and the four domestic facilities, which are included in the results of our GMNA segment (dollars in millions):

	Successor
	October 6, 2009
Total current assets, primarily accounts and notes receivable, net of $541	$ 854
Total non-current assets, primarily property, net of $202 (a)	305
Total current liabilities, primarily accounts payable of $316	(484)
Total non-current liabilities, primarily other liabilities and deferred income taxes	(374)
Noncontrolling interests	(14)
Fair value of Nexteer and four domestic facilities	$ 287

(a) Includes goodwill of $61 million recorded in the GMNA reporting unit that arises from the difference between the economic value of long-term employee related liabilities and their recorded amounts at the time of acquisition and deferred taxes. The total amount of goodwill deductible for tax purposes is expected to be $398 million. The difference between book goodwill and tax goodwill results from different allocations for tax purposes than that utilized for book purposes.

Since we and Old GM historically accounted for a significant portion of Nexteer's and the four domestic facilities' sales and because we were providing subsidies to Delphi related to these facilities, the acquisition of these businesses did not have a significant effect on our consolidated financial results as the costs associated with these facilities have been recorded as inventory costs and recorded in Automotive cost of sales. We did not provide pro forma financial information because we do not believe this information would be material given the intercompany nature of Nexteer and the four domestic facilities sales activity. Refer to Note 20 for additional information on the Nexteer acquisition.

In March 2011 we sold our Class A Membership Interest in New Delphi for $3.8 billion. Refer to Note 10 for additional information.

Saab Bankruptcy and Sale

In February 2009 Saab Automobile AB (Saab), part of our GME segment, filed for protection under the reorganization laws of Sweden. Old GM determined that the reorganization proceeding resulted in a loss of the elements of control necessary for consolidation and therefore Old GM deconsolidated Saab in February 2009. Old GM recorded a loss of $824 million in Other automotive expenses, net related to the deconsolidation. The loss reflected the remeasurement of Old GM's net investment in Saab to its estimated fair value of $0, costs associated with commitments and obligations to suppliers and others, and a commitment to provide up to $150 million of debtor-in-possession (DIP) financing. We acquired Old GM's investment in Saab in connection with the 363 Sale. In August 2009 Saab exited its reorganization proceeding, and we regained the elements of control and consolidated Saab at an insignificant fair value.

In February 2010 we completed the sale of Saab and in May 2010 we completed the sale of Saab Automobile GB to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remainder in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the DIP financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 5. Finance Receivables, net

Automotive Financing — GM Financial

The following table summarizes the components of Finance receivables, net (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Pre-acquisition finance receivables, outstanding balance	$4,366	$7,724
Less: carrying amount adjustment	(339)	(425)
Pre-acquisition finance receivables, carrying amount	4,027	7,299
Post-acquisition finance receivables, net of fees	5,314	924
Total finance receivables	9,341	8,223
Less: allowance for loan losses on post-acquisition finance receivables	(179)	(26)
Total finance receivables, net	$9,162	$8,197

The following table summarizes activity for finance receivables (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Pre-acquisition finance receivables, carrying amount, beginning of period	$ 7,299	$8,231
Post-acquisition finance receivables, beginning of period	924	—
Loans purchased	5,085	935
Charge-offs	(66)	—
Principal collections and other	(3,418)	(765)
Change in carrying amount adjustment on the pre-acquisition finance receivables	(483)	(178)
Balance at end of period	$ 9,341	$8,223

The following table summarizes the estimated fair value, carrying amount and various methods and assumptions used in valuing GM Financial's finance receivables (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Finance receivables, net (a)	$9,162	$9,386	$8,197	$8,186

(a) The fair value is estimated based upon forecasted cash flows discounted using a pre-tax weighted-average cost of capital (WACC). The forecast includes factors such as prepayment, defaults, recoveries and fee income assumptions.

Finance contracts are purchased by GM Financial from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

At December 31, 2011 and 2010 the accrual of finance charge income has been suspended on delinquent finance receivables based on contractual amounts due of $439 million and $491 million.

GM Financial reviews its pre-acquisition portfolio for differences between contractual cash flows and the cash flows expected to be collected from its initial investment in the pre-acquisition portfolio to determine if the difference is attributable, at least, in part to credit quality. At December 31, 2011 as a result of improvements in the credit performance of the pre-acquisition portfolio, which resulted in an increase of expected cash flows of $261 million, GM Financial transferred the excess non-accretable discount to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes accretable yield (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$1,201	$1,436
Accretion of accretable yield	(725)	(235)
Transfer from non-accretable discount	261	—
Balance at end of period	$ 737	$1,201

The following table summarizes activity for the allowance for post-acquisition loan losses (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Balance at beginning of period	$ 26	$—
Provision for loan losses	178	26
Charge-offs	(66)	—
Recoveries	41	—
Balance at end of period	$179	$26

Credit Quality

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
FICO score less than 540	$2,133	$1,328
FICO score 540 to 599	4,167	3,396
FICO score 600 to 659	2,624	2,758
FICO score greater than 660	756	1,166
Balance at end of period (a)	$9,680	$8,648

(a) Balance at end of period is the sum of pre-acquisition finance receivables — outstanding balance and post-acquisition finance receivables, net of fees.

Delinquency

The following summarizes the contractual amount of finance receivables, which is not materially different than the recorded investment, more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
Delinquent contracts				
31-to-60 days	$517	5.3%	$535	6.2%
Greater-than-60 days	182	1.9%	212	2.4%
Total finance receivables more than 30 days delinquent	699	7.2%	747	8.6%
In repossession	27	0.3%	28	0.3%
Total finance receivables more than 30 days delinquent and in repossession	$726	7.5%	$775	8.9%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Note 6. Securitizations

Automotive Financing — GM Financial

The following table summarizes securitization activity and cash flows from consolidated SPEs used for securitizations (dollars in millions):

	Successor	
	Year Ended December 31, 2011	October 1, 2010 Through December 31, 2010
Receivables securitized	$4,828	$743
Net proceeds from securitization	$4,550	$700
Servicing Fees		
Variable interest entities	$ 201	$ 46
Net Distributions from Trusts		
Variable interest entities	$ 852	$216

GM Financial retains servicing responsibilities for receivables transferred to certain securitization SPEs. At December 31, 2011 and 2010 GM Financial serviced finance receivables that have been transferred to certain SPEs of $7.9 billion and $7.2 billion.

Note 7. Marketable Securities

Automotive

The following tables summarize information regarding marketable securities (dollars in millions):

	Successor						
	December 31, 2011						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Available-for-sale securities							
U.S. government and agencies	$ 5,214	$ 2	$—	$ 5,216	$—	$ 5,216	$—
Sovereign debt	143	—	—	143	—	143	—
Certificates of deposit	178	—	—	178	—	178	—
Corporate debt	4,566	3	4	4,565	—	4,565	—
Total available-for-sale securities	10,101	5	4	10,102	—	10,102	—
Trading securities (a)							
Equity	39	—	5	34	34	—	—
Sovereign debt	5,951	18	33	5,936	—	5,936	—
Other debt	77	1	2	76	—	76	—
Total trading securities	6,067	19	40	6,046	34	6,012	—
Total marketable securities	$16,168	$24	$44	$16,148	$34	$16,114	$—

(a) Unrealized gains/losses on trading securities are primarily related to remeasurement of CAD denominated securities.

	Successor						
	December 31, 2010						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Available-for-sale securities							
U.S. government and agencies	$2,023	$—	$—	$2,023	$—	$2,023	$—
Sovereign debt	773	—	—	773	—	773	—
Certificates of deposit	954	—	—	954	—	954	—
Corporate debt	1,670	1	2	1,669	—	1,669	—
Total available-for-sale securities	5,420	1	2	5,419	—	5,419	—
Trading securities							
Equity	34	5	1	38	21	17	—
Sovereign debt	28	4	—	32	—	32	—
Other debt	67	1	2	66	—	66	—
Total trading securities	129	10	3	136	21	115	—
Total marketable securities	$5,549	$11	$ 5	$5,555	$21	$5,534	$—

We maintained trading securities of $84 million and $89 million as compensating balances to support letters of credit of $70 million and $74 million at December 31, 2011 and 2010. We have access to these securities in the normal course of business; however, the letters of credit may be withdrawn if the minimum collateral balance is not maintained.

The following table summarizes sales proceeds from investments in marketable securities classified as available-for-sale and sold prior to maturity (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Sales proceeds	$1,556	$11	$3	$185

The following table summarizes the fair value of investments classified as available-for-sale securities by contractual maturity at December 31, 2011 (dollars in millions):

	Successor	
	Amortized Cost	Fair Value
Due in one year or less	$ 8,413	$ 8,414
Due after one year through five years	1,688	1,688
Total contractual maturities of available-for-sale securities	$10,101	$10,102

The following table summarizes marketable securities classified as cash equivalents and restricted marketable securities measured at fair value on a recurring basis (dollars in millions):

	Successor							
	December 31, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Cash equivalents								
U.S. government and agency	$ —	$ 239	$—	$ 239	$ —	$1,085	$—	$ 1,085
Sovereign debt	—	987	—	987	—	523	—	523
Certificates of deposit	—	2,028	—	2,028	—	2,705	—	2,705
Money market funds	1,339	—	—	1,339	4,844	—	—	4,844
Commercial paper	—	5,112	—	5,112	—	3,807	—	3,807
Total marketable securities classified as cash equivalents	$1,339	$8,366	$—	$9,705	$4,844	$8,120	$—	$12,964
Restricted marketable securities								
Money market funds	$ 383	$ —	$—	$ 383	$ 345	$ —	$—	$ 345
Sovereign debt	—	15	—	15	—	1,011	—	1,011
Other	—	164	—	164	—	118	—	118
Total marketable securities classified as restricted marketable securities	$ 383	$ 179	$—	$ 562	$ 345	$1,129	$—	$ 1,474

Automotive Financing — GM Financial

The following table summarizes marketable securities classified as Other assets and Restricted cash measured at fair value on a recurring basis (dollars in millions):

	Successor							
	December 31, 2011				December 31, 2010			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Money market funds	$1,435	$—	$—	$1,435	$1,119	$—	$—	$1,119

Note 8. Inventories

Automotive

The following table summarizes the components of Inventories (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Productive material, supplies and work in process	$ 6,486	$ 5,487
Finished product, including service parts	7,838	6,638
Total inventories	$14,324	$12,125

Note 9. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is comprised of vehicle sales to daily rental car companies and to retail customers.

The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Equipment on operating leases	$2,691	$2,843
Less: accumulated depreciation	(227)	(275)
Equipment on operating leases, net	$2,464	$2,568

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Depreciation expense	$431	$500	$568	$275
Impairment charges	$151	$ 49	$ 18	$ 63

The following tables summarize leased vehicles measured at fair value (all of which utilized Level 3 inputs) on a nonrecurring basis subsequent to initial recognition (dollars in millions):

	Successor			
		Fair Value Measurements Using		
	Fair Value Range of Measures	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Year ended December 31, 2011	$200-922	$ —	$ —	$200-922
Year ended December 31, 2010	$537-668	$ —	$ —	$537-668
Period July 10, 2009 through December 31, 2009	$543-567	$ —	$ —	$543-567

	Predecessor			
		Fair Value Measurements Using		
	Fair Value Range of Measures	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Period January 1, 2009 through July 9, 2009	$539-2,057	$ —	$ —	$539-2,057

Fair value measurements of vehicles leased to rental car companies utilized projected cash flows from anticipated future auction proceeds. Fair value measurements of automotive retail leases utilized discounted projected cash flows from lease payments and anticipated future auction proceeds.

Automotive Financing — GM Financial

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third party with servicing retained. At December 31, 2011 this subsidiary was servicing leased vehicles of $1.0 billion for this third-party.

The following table summarizes equipment on operating leases, net (dollars in millions):

	Successor
	December 31, 2011
Equipment on operating leases — leased vehicles	$ 860
Less: accumulated depreciation	(75)
Equipment on operating leases, net	$ 785

The following table summarizes depreciation expense related to equipment on operating leases, net (dollars in millions):

	Successor
	Year Ended December 31, 2011
Depreciation expense	$ 70

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2012	2013	2014	2015	2016
Minimum rental receipts under operating leases	$153	$147	$100	$36	$5

Note 10. Equity in Net Assets of Nonconsolidated Affiliates

Automotive

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following tables summarizes information regarding equity in income (loss), net of tax and gain on disposal of investments and disposition of interest in nonconsolidated affiliates (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Ally Financial				$(1,097)
Gain on conversion of UST Ally Financial Loan				2,477
Total equity in income of and disposition of interest in Ally Financial				$ 1,380
China JVs	$1,511	$1,297	$460	$ 300
New Delphi (including gain on disposition)	1,727	117	(1)	—
Others	(46)	24	38	(239)
Total equity income, net of tax and gain on disposal of investments	$3,192	$1,438	$497	$ 61

We received dividends from nonconsolidated affiliates of $1.2 billion, $685 million and $134 million in the years ended December 31, 2011 and 2010 and the period July 10, 2009 through December 31, 2009, and Old GM received dividends of $220 million in the period January 1, 2009 through July 9, 2009. At December 31, 2011 we had undistributed earnings including dividends declared but not received, of $1.6 billion related to our nonconsolidated affiliates.

Investment in China JVs

The following table summarizes our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs:

	Successor	
	December 31, 2011	December 31, 2010
Shanghai General Motors Co., Ltd. (SGM)	49%	49%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	

Sales and income of our China JVs are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax and gain on disposal of investments.

SGM is a joint venture established in 1997 by SAIC (51%) and us (49%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import, and sale of a comprehensive range of products under the brands of Buick, Chevrolet and Cadillac. SGM also has interests in Shanghai OnStar (20%) and Shanghai Chengxin Used Car (33%).

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported brands of Buick, Chevrolet and Cadillac and the sales of automobiles manufactured by SGM.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which is contingently exercisable based on events which we do not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC will purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on this transaction.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW.

Sale of New Delphi

In March 2011 we sold our Class A Membership Interests in New Delphi to New Delphi for $3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership

Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to $500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of $1.6 billion related to the sale in Equity income, net of tax and gain on disposal of investments. Our existing supply contracts with New Delphi were not affected by this transaction.

Impairment of Investment in HKJV

In March 2011 there was a change in the local tax regulations which significantly extended the period of time over which GM India will receive certain value added tax based investment incentives. The delay in recovery of these incentives significantly affected GM India's cash flow and earnings before interest and income taxes forecasts, resulting in a decrease in the fair value of HKJV. The fair value of our investment in HKJV at March 31, 2011 was determined to be $112 million compared to a carrying amount of $151 million. The loss in value was determined to be other than temporary and, therefore, we recorded an impairment charge of $39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling $67 million related to our investment in the HKJV in the three months ended March 31, 2011. Refer to Note 4 for additional information related to HKJV.

VMM Deconsolidation

In June 2011 we entered into a new shareholder agreement with Fiat Powertrain Technologies SPA related to VM Motori (VMM) in Italy. Under the new shareholder agreement, we retain 50% ownership but no longer have control. Accordingly, we removed the assets and liabilities of VMM, which included allocated goodwill of $36 million from our GME reporting unit, from our consolidated balance sheets and recorded an equity interest in the amount of $46 million.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
China JVs	$6,452	$6,133
New Delphi	—	2,043
Other investments	338	353
Total equity in net assets of nonconsolidated affiliates	$6,790	$8,529

At December 31, 2011 and 2010 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by $3.8 billion. These differences are primarily related to the application of fresh-start reporting, of which $3.3 billion was allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being amortized over their useful lives.

The following table presents summarized financial data for all of our nonconsolidated affiliates, excluding Ally Financial (dollars in millions):

	Successor					
	China JVs December 31, 2011	Others December 31, 2011	Total December 31, 2011	China JVs December 31, 2010	Others December 31, 2010	Total December 31, 2010
Summarized Balance Sheet Data						
Current assets	$10,882	$2,274	$13,156	$ 9,689	$ 9,708	$19,397
Non-current assets	5,293	1,863	7,156	4,147	5,001	9,148
Total assets	$16,175	$4,137	$20,312	$13,836	$14,709	$28,545
Current liabilities	$10,526	$1,492	$12,018	$ 8,931	$ 4,745	$13,676
Non-current liabilities	651	934	1,585	580	2,232	2,812
Total liabilities	$11,177	$2,426	$13,603	$ 9,511	$ 6,977	$16,488
Non-controlling interests	$ 948	$ —	$ 948	$ 766	$ 474	$ 1,240

	Successor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009 (a)
Summarized Operating Data			
China JV's net sales	$30,511	$25,395	$18,098
Others' net sales	4,242	17,500	7,457
Total net sales	$34,753	$42,895	$25,555
China JV's net income	$ 3,203	$ 2,808	$ 1,636
Others' net income (loss)	(13)	656	161
Total net income	$ 3,190	$ 3,464	$ 1,797

(a) Summarized financial information is not included for a joint venture which remained with MLC at July 9, 2009. Old GM recognized an equity loss of $243 million in the period January 1, 2009 through July 9, 2009.

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts, and we purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates, excluding transactions with Ally Financial which are disclosed in Note 28 (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Results of Operations				
Automotive sales and revenue	$3,266	$2,910	$ 899	$596
Automotive purchases, net	$1,044	$2,881	$1,190	$737
Automotive selling, general and administrative expense	$ 16	$ 3	$ (19)	$ (19)
Automotive interest expense	$ 20	$ 16	$ —	$ —
Interest income and other non-operating income (expense), net	$ 34	$ 43	$ 14	$ (9)

	Successor	
	December 31, 2011	December 31, 2010
Financial Position		
Accounts and notes receivable, net	$1,785	$1,618
Accounts payable (principally trade)	$ 342	$ 641
Deferred revenue and customer deposits	$ 150	$ 9

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Cash Flows				
Operating	$3,624	$719	$538	$546
Investing	$ (27)	$ (74)	$ (67)	$ —

Ally Financial Common and Preferred Stock

GM

On July 10, 2009 we acquired the investment in Ally Financial's common and preferred stocks in connection with the 363 Sale.

In December 2009 the United States Department of the Treasury (UST) made a capital contribution to Ally Financial of $3.8 billion. The UST also exchanged all of its existing Ally Financial non-convertible preferred stock for mandatory convertible preferred securities valued at $5.3 billion and converted mandatory convertible preferred securities valued at $3.0 billion into Ally Financial common stock. These actions resulted in the dilution of our investment in Ally Financial common stock from 24.5% to 16.6%, of which 6.7% was held directly and 9.9% was held indirectly through an independent trust.

In December 2010 the UST agreed to convert 110 million shares of preferred securities into 532 thousand shares of common stock. This resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% was held directly and 5.9% was held indirectly through an independent trust. In May 2011 we transferred the 4.0% of shares we owned directly to the independent trust. In December 2011, in response to a letter from the trustee requesting that the life of the trust be extended, the Federal Reserve agreed to extend the trust from December 2011 to December 2013. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2013. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10.0%. At December 31, 2011 and 2010 our equity ownership in Ally Financial was 9.9%.

Fair Value and Impairment of Ally Financial Common and Preferred Stock

We estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's December 31, 2011 and 2010 financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry, and the effects of certain Ally Financial Shareholder rights described below. The measurement of Ally Financial common stock is a Level 3 fair value measurement.

At December 31, 2011 we determined the carrying amount of our investment in Ally Financial common stock exceeded our estimate of its fair value. Our current estimate of fair value results from broader macroeconomic uncertainties and volatility in the financial markets including the eurozone debt crisis, continued heightened risk of recession and concerns about Ally Financial's mortgage related operations. Our estimate considered the potential effect of contractual provisions held by the UST who may receive incremental ownership interest in Ally Financial depending upon Ally Financial's equity value at the time of a successful public offering or private sale. These contractual provisions could result in significant dilution of our ownership interest. Based on an evaluation of the duration and severity of this decline in fair value, we have concluded the impairment is other than temporary. As a result we have recorded an impairment charge of $555 million in Interest income and other non-operating income, net to reduce our investment to its current estimated fair value of $403 million.

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of $1.0 billion. The gain of $0.3 billion related to the sale was recorded in Interest income and other non-operating income, net.

We calculated the fair value of our investment in Ally Financial preferred stock as of December 31, 2010 using a discounted cash flow approach. The present value of the cash flows was determined using assumptions regarding the expected receipt of dividends on Ally Financial preferred stock and the expected call date.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common and preferred stock (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Common stock		
Carrying amount	$403	$ 964
Fair value	$403	$1,031
Preferred stock		
Carrying amount		$ 665
Fair value		$1,055

At December 31, 2009 we determined that indicators were present that suggested our investments in Ally Financial common and preferred stock could be impaired. Such indicators included the continuing deterioration in Ally Financial's mortgage operations, as evidenced by the strategic actions Ally Financial took in December 2009 to position itself to sell certain mortgage assets. These actions resulted in Ally Financial recording an increase in its provision for loan losses of $2.4 billion in the three months ended December 31, 2009. These indicators also included Ally Financial's receipt of $3.8 billion of additional financial support from the UST on December 30, 2009. As a result of these impairment indicators, we evaluated the fair value of our investments in Ally Financial common and preferred stock and recorded an impairment charge of $270 million related to our Ally Financial common stock to record the investment at its estimated fair value of $970 million.

Old GM

In January 2009 Old GM received a loan from the UST to purchase 190,921 Class B Common Membership Interests in Ally Financial. The UST had the option to convert outstanding amounts under the loan into a maximum of 190,921 shares of Ally Financial's Class B Common Membership Interests on a pro rata basis. In May 2009 the UST exercised this option, the outstanding principal and interest under the loan was extinguished, and Old GM recorded a net gain of $483 million. The net gain was comprised of a gain on the disposition of Ally Financial Common Membership Interests of $2.5 billion recorded in Equity in income of and disposition of interest in Ally Financial and a loss on extinguishment of the loan of $2.0 billion recorded in Loss on extinguishment of debt. After the exchange, Old GM's ownership was reduced to 24.5% of Ally Financial's Common Membership Interests.

Ally Financial converted its status to a C corporation effective June 30, 2009. At that date, Old GM began to account for its investment in Ally Financial using the cost method rather than the equity method as Old GM could not exercise significant influence over Ally Financial. Prior to converting to a C corporation, Old GM's investment in Ally Financial was accounted for in a manner similar to an investment in a limited liability partnership and the equity method was applied because Old GM's influence was more than minor. In connection with Ally Financial's conversion into a C corporation, each unit of each class of Ally Financial Membership Interests was converted into shares of capital stock of Ally Financial with substantially the same rights and preferences as such Membership Interests.

The following table summarizes financial information of Ally Financial for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Six Months Ended June 30, 2009
Consolidated Statement of Income (Loss)	
Total financing revenue and other interest income	$ 6,916
Total interest expense	$ 3,936
Depreciation expense on operating lease assets	$ 2,113
Gain on extinguishment of debt	$ 657
Total other revenue	$ 2,117
Total noninterest expense	$ 3,381
Loss from continuing operations before income tax expense	$(2,260)
Income tax expense from continuing operations	$ 972
Net loss from continuing operations	$(3,232)
Loss from discontinued operations, net of tax	$(1,346)
Net loss	$(4,578)

Ally Financial — Preferred and Common Membership Interests

The following table summarizes the activity with respect to the investment in Ally Financial Common and Preferred Membership Interests for the period Ally Financial was accounted for as a nonconsolidated affiliate (dollars in millions):

	Predecessor	
	Ally Financial Common Membership Interests	Ally Financial Preferred Membership Interests
Balance at January 1, 2009	$ 491	$43
Old GM's proportionate share of Ally Financial's losses (a)	(1,130)	(7)
Investment in Ally Financial Common Membership Interests	884	—
Gain on disposition of Ally Financial Common Membership Interests	2,477	—
Conversion of Ally Financial Common Membership Interests	(2,885)	—
Other, primarily accumulated other comprehensive loss	163	—
Balance at June 30, 2009	$ —	$36

(a) Due to impairment charges and Old GM's proportionate share of Ally Financial's losses, the carrying amount of Old GM's investments in Ally Financial Common Membership Interests was reduced to $0. Old GM recorded its proportionate share of Ally Financial's remaining losses to its investment in Ally Financial Preferred Membership Interests.

Note 11. Property, net

Automotive

The following table summarizes the components of Property, net (dollars in millions):

	Successor		
	Estimated Useful Lives (Years)	December 31, 2011	December 31, 2010
Land	—	$ 2,496	$ 2,536
Buildings and improvements	5-40	4,670	4,324
Machinery and equipment	3-27	10,651	8,727
Construction in progress	—	3,068	1,754
Real estate, plants, and equipment		20,885	17,341
Less: accumulated depreciation		(4,601)	(3,277)
Real estate, plants, and equipment, net		16,284	14,064
Special tools, net	1-15	6,673	5,171
Total property, net		$22,957	$19,235

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Capitalized interest	$91	$62	$21	$28

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Capitalized software in use, net	$276	$287
Capitalized software in the process of being developed	$111	$ 96

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Depreciation and amortization of long-lived assets	$3,596	$3,574	$2,218	$5,925
Impairment charges of long-lived assets (a)	81	240	2	566
Total depreciation, impairment charges and amortization expense	$3,677	$3,814	$2,220	$6,491
Capitalized software amortization expense (b)	$ 202	$ 195	$ 132	$ 136

(a) The fair value of related assets was determined to be $0 in the years ended December 31, 2011 and 2010 and the period from July 10, 2009 through December 31, 2009 and $0 to $85 million in the period from January 1, 2009 through July 9, 2009 measured utilizing level 3 inputs. Fair value measurements of long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in Total depreciation, impairment charges and amortization expense.

Old GM initiated restructuring plans prior to the 363 Sale to reduce the total number of powertrain, stamping and assembly plants and to eliminate certain brands and nameplates. In addition, MLC retained certain assets that we did not acquire in connection with the 363 Sale and were deemed not to have a useful life beyond July 9, 2009. Old GM recorded incremental depreciation and amortization on certain of these assets as they were expected to be utilized over a shorter period of time than their previously estimated useful lives. We record incremental depreciation and amortization for changes in useful lives subsequent to the initial determination. Old GM recorded incremental depreciation and amortization of approximately $2.8 billion in the period January 1, 2009 through July 9, 2009.

Note 12. Goodwill

Consolidated

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	Successor						
	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2010	$26,409	$ 3,335	$ 771	$157	$30,672	$ —	$30,672
Reporting unit reorganization	—	(82)	82	—	—	—	—
Goodwill acquired (a)	—	—	—	—	—	1,265	1,265
Disposals	(17)	—	(2)	—	(19)	—	(19)
Effect of foreign currency translation and other	2	(200)	50	8	(140)	—	(140)
Balance at December 31, 2010	26,394	3,053	901	165	30,513	1,265	31,778
Effect of adoption of ASU 2010-28	—	(1,466)	—	—	(1,466)	—	(1,466)
Impairment charges	—	(1,016)	(270)	—	(1,286)	—	(1,286)
Deconsolidation of entity (b)	—	(36)	—	—	(36)	—	(36)
Goodwill acquired	5	—	—	—	5	14	19
Effect of foreign currency translation and other	—	46	(21)	(14)	11	(1)	10
Balance at December 31, 2011	$26,399	$ 581	$ 610	$151	$27,741	$1,278	$29,019
Accumulated impairment charges at January 1, 2010	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accumulated impairment charges at December 31, 2010	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accumulated impairment charges at December 31, 2011 (c)	$ —	$(2,482)	$(270)	$ —	$ (2,752)	$ —	$ (2,752)

(a) Refer to Note 4 for additional information concerning the acquisition of AmeriCredit.

(b) Refer to Note 10 for additional information concerning the deconsolidation of VMM.

(c) Includes impairment charges of $1.5 billion recorded as a cumulative-effect adjustment to beginning Retained earnings due to the adoption of ASU 2010-28.

We adopted the provisions of ASU 2010-28 on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed at December 31, 2011 and at March 31, 2011 we recorded impairment charges of $1.0 billion in the year ended December 31, 2011. Refer to Note 3 for additional information on ASU 2010-28.

In the three months ended December 31, 2011, 2010 and 2009 we performed our annual goodwill impairment testing as of October 1 for all reporting units. Based on this testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011. Subsequent to our 2011 annual impairment testing we reversed a deferred tax asset valuation allowance for our GM Holden, Ltd. (Holden) reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value and determined that there was an event-driven impairment in our GM Korea reporting unit. As such we recorded Goodwill impairment charges of $270 million in the three months ended December 31, 2011 within our GMIO segment. These goodwill impairment charges primarily represent the decrease in the fair value-to-U.S. GAAP differences (which originated upon our application of fresh-start reporting in 2009) resulting from the reversal of valuation allowances in Holden.

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the year ended December 31, 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from a decrease in our nonperformance risk and an improvement in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease also resulted from an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. In addition, for the purpose of deriving an implied goodwill balance, deterioration in the business outlook for certain reporting units resulted in a reduction in the amount of deferred taxes giving rise to goodwill through the application of Accounting Standards Codification (ASC) 805, “Business Combinations” (ASC 805) and an increase in estimated employee benefit obligations.

In the year ended December 31, 2011 our market capitalization (including the fair value of our preferred stock and warrants) declined and at times it approximated our recorded Total equity. The fair values of our reporting units determined in our annual goodwill impairment test decreased from the prior year, with the fair values of our GME and GM Korea reporting units decreasing below their carrying amounts. The decrease in GME was driven primarily by a higher level of anticipated economic weakness in Europe in the near- and medium-term. The decrease in GM Korea was driven by a higher level of anticipated economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to ASC 805.

The following table summarizes the goodwill balances and key assumptions utilized for each of our reporting units that required a Step 2 analysis (dollars and vehicles in millions):

				Industry Sales (c)		Market Share (c)	
	Goodwill (b)	WACC	Long-Term Growth Rates	2011/2012	2015/2016	2011/2012	2015/2016
GME — At January 1, 2011	$3,053	17.0%	0.5%	18.4	22.0	6.6%	7.4%
GME — At March 31, 2011	$1,661	16.5%	0.5%	18.4	22.0	6.6%	7.4%
GME — At October 1, 2011	$1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GME — At December 31, 2011	$1,193	18.5%	0.5%	19.4	22.3	6.3%	6.9%
GM Korea — At October 1, 2011 (a)	$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At December 31, 2011 (a)	$ 596	15.5%	3.0%	81.0	97.1	1.4%	1.1%
Holden — At December 31, 2011	$ 197	14.0%	2.0%	1.2	1.3	12.5%	12.6%

(a) Industry sales and market share are based on global industry volumes because GM Korea exports vehicles globally.

(b) Goodwill balance is before any adjustments, if any, for goodwill impairments.

(c) GME amounts at January 1, 2011 and March 31, 2011 are 2011 through 2015 and GME amounts at December 31, 2011 are 2012 through 2016. All others amounts are 2012 through 2015.

During our Step 2 analyses we determined the fair values of these reporting units had not increased sufficiently to give rise to implied goodwill other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting. On certain of our testing dates our Step 2 analyses indicated GME's, GM Korea's and Holden's implied goodwill was less than their recorded goodwill; therefore, goodwill was adjusted at various dates in the year ended December 31, 2011.

Future goodwill impairments that may be material could be recognized should the recent economic uncertainty continue, our equity price decline on a sustained basis, global economies enter into another recession and industry growth stagnates, or should we release deferred tax asset valuation allowances in certain tax jurisdictions (which could occur in the near future if additional positive evidence becomes available).

In these circumstances future goodwill impairments would largely be affected by decreases in the fair value-to-U.S.-GAAP differences that have occurred subsequent to our application of fresh-start reporting. The decrease may occur upon; (1) an improvement in our credit rating; (2) a decrease in credit spreads between high quality corporate bond rates and market interest rates thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) a change in the fair values of our estimated employee benefit obligations. A decrease would also occur upon reversal of our deferred tax asset valuation allowances. Any declines would have a negative effect on our earnings that could be material.

Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Note 13. Intangible Assets, net

Automotive

The following table summarizes the components of Intangible assets, net (dollars in millions):

	Successor							
	December 31, 2011				December 31, 2010			
	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period (Years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	3	$ 7,749	$5,080	$ 2,669	3	$ 7,751	$3,650	$ 4,101
Brands	36	5,408	372	5,036	37	5,439	222	5,217
Dealer network and customer relationships	20	2,134	318	1,816	20	2,172	199	1,973
Favorable contracts	30	514	200	314	26	526	120	406
Other	1	17	14	3	2	19	9	10
Total amortizing intangible assets	24	15,822	5,984	9,838	21	15,907	4,200	11,707
Non amortizing in process research and development		175	—	175		175	—	175
Total intangible assets		$15,997	$5,984	$10,013		$16,082	$4,200	$11,882

The following table summarizes the amortization expense related to intangible assets (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Amortization expense related to intangible assets	$1,799	$2,560	$1,584	$44

The following table summarizes estimated amortization expense related to intangible assets in each of the next five years (dollars in millions):

	Estimated Amortization Expense
2012	$1,561
2013	$1,228
2014	$ 611
2015	$ 313
2016	$ 314

Note 14. Restricted Cash and Marketable Securities

Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements.

Automotive

At December 31, 2011 and 2010 we held securities of $0.6 billion and $1.5 billion that were classified as Restricted cash and marketable securities. Refer to Note 7 for additional information on securities classified as Restricted cash and marketable securities.

The following table summarizes the components of Restricted cash and marketable securities (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Current		
Canadian Health Care Trust (HCT) (a)	$ —	$1,008
Other (b)	206	232
Total current restricted cash and marketable securities	206	1,240
Non-current		
Collateral for insurance related activities	407	588
Other (b)	505	572
Total non-current restricted cash and marketable securities	912	1,160
Total restricted cash and marketable securities	$1,118	$2,400

(a) Under the terms of an escrow agreement between General Motors of Canada Limited (GMCL), the Export Development Canada (EDC) and an escrow agent, GMCL established an $893 million escrow to fund certain of its healthcare obligations. In the year ended December 31, 2011 $772 million of the escrow funds were used to fund the healthcare obligations and the escrow arrangement was terminated. The remaining funds held in escrow of $225 million were no longer subject to restrictions and were released to us.

(b) Includes amounts related to various letters of credit, deposits, escrows and other cash collateral requirements.

Automotive Financing — GM Financial

The following table summarizes the components of Restricted cash (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Securitization notes payable and credit facilities	$1,056	$1,057
Other (a)	59	33
Total restricted cash	$1,115	$1,090

(a) Pledged in association with derivative transactions and cash collections related to leases serviced for a third party.

Note 15. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary include certain vehicle assembling, manufacturing, and selling venture arrangements, the most significant of which is GM Egypt. We consolidated GM Egypt in January 2010 in connection with our adoption of amendments to ASC 810, "Consolidation". GM Egypt, a 31% owned operating entity, assembles and manufactures vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. At December 31, 2011 and 2010 (1) Total assets recognized for these consolidated VIEs were $463 million and $481 million, which were comprised of Cash and cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were $298 million and $307 million, which were comprised of Accounts payable (principally trade), and Accrued and other liabilities. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations. In the years ended December 31, 2011 and 2010 Total net sales and revenue recorded for these consolidated VIEs were $748 million and $753 million and Net income was $61 million and $84 million, the most significant of which were attributable to GM Egypt. Prior to 2010, Total assets and liabilities recognized were not significant.

GM Korea, a non-wholly owned consolidated subsidiary that we control through a majority voting interest, is also a VIE because in the future it may require additional subordinated financial support. The creditors of GM Korea's short-term debt of $171 million and $70 million, current derivative liabilities of $44 million and $111 million and long-term debt of $7 million and $835 million at December 31, 2011 and 2010 do not have recourse to our general credit. In February 2011 we provided a guarantee to a minority shareholder in GM Korea to repurchase GM Korea's preferred shares according to the redemption schedule should GM Korea not repurchase the shares. This guarantee decreased the amount of long-term debt which did not have recourse to our general credit in the year ended December 31, 2011.

Automotive Financing — GM Financial

GM Financial finances its loan and lease origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains a residual interest in these entities and is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The SPEs are considered VIEs because they do not have sufficient equity at risk and are consolidated because GM Financial has the power over those activities that most significantly affect the economic performance of the SPEs. Refer to Notes 5, 6 and 17 for additional information on GM Financial's involvement with the SPEs. The finance receivables, leased assets and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated include certain vehicle assembling, manufacturing, and selling venture arrangements and other automotive related entities to which we provide financial support, including American Axle and Manufacturing Holdings, Inc. (American Axle), Ally Financial and HKJV. We concluded these entities are VIEs because they do not have sufficient equity at risk or will require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 28 (dollars in millions):

	December 31, 2011		December 31, 2010	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Assets				
Accounts and notes receivable, net	$ 1	$ 1	$108	$108
Equity in net assets of nonconsolidated affiliates	190	186	274	274
Other assets	1	1	60	59
Total assets	$192	$188	$442	$441
Liabilities				
Accounts payable (principally trade)	$ —	$ —	$ 1	$ —
Other liabilities	198	—	44	—
Total liabilities	$198	$ —	$ 45	$ —
Off-Balance Sheet				
Loan commitments		$ 15		$100
Other guarantees		—		3
Other liquidity arrangements		220		223
Total guarantees and liquidity arrangements		$235		$326

Refer to Notes 10 and 28 for additional information on Ally Financial, including our maximum exposure to loss under agreements with Ally Financial and our recorded investment in Ally Financial. Refer to Notes 4 and 10 for additional information on our investment in HKJV.

Note 16. Accrued Liabilities and Other Liabilities and Deferred Income Taxes

Automotive

The following table summarizes the components of Accrued liabilities and Other liabilities and deferred income taxes (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Current		
Dealer and customer allowances, claims and discounts	$ 6,820	$ 6,885
Deposits from rental car companies	4,883	5,037
Deferred revenue	1,128	1,104
Policy, product warranty and recall campaigns	3,061	2,587
Payrolls and employee benefits excluding postemployment benefits	1,993	2,141
Taxes other than income taxes	782	1,083
Other	4,089	5,207
Total accrued liabilities	$22,756	$24,044
Non-current		
Deferred revenue	$ 1,284	$ 753
Policy, product warranty and recall campaigns	3,539	4,202
Employee benefits excluding postemployment benefits	1,380	1,549
Postemployment benefits including facility idling reserves	1,674	1,574
Deferred income taxes	913	1,207
Other	3,546	3,736
Total other liabilities and deferred income taxes	$12,336	$13,021

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$ 6,789	$ 7,030	$ 7,193	$ 8,491
Warranties issued and assumed in period	3,062	3,204	1,388	1,069
Payments	(3,740)	(3,662)	(1,797)	(1,851)
Adjustments to pre-existing warranties	565	210	66	(153)
Effect of foreign currency translation	(76)	7	180	63
Liability adjustment, net due to the deconsolidation of Saab (a)	—	—	—	(77)
Ending balance	$ 6,600	$ 6,789	$ 7,030	7,542
Effect of application of fresh-start reporting				(349)
Ending balance including effect of application of fresh-start reporting				$ 7,193

(a) In August 2009 Saab's warranty liability was classified as held for sale at December 31, 2009.

Note 17. Short-Term and Long-Term Debt

Automotive

Short-Term Debt and Long-Term Debt

The following table summarizes the components of our short-term debt and long-term debt (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Short-term debt		
Wholesale financing (a)	$ 1,081	$ 1,054
Korea mandatorily redeemable preferred shares	312	—
Capital leases	139	129
Other short-term debt and current portion of long-term debt	150	433
Total automotive short-term debt and current portion of long-term debt	1,682	1,616
Long-term debt		
HCT Notes	1,141	—
Korea mandatorily redeemable preferred shares	666	835
Capital leases	853	532
Other long-term debt (a)	953	1,647
Total long-term debt	3,613	3,014
Total automotive debt (b)	$ 5,295	$ 4,630
Fair value of debt (c)	$ 5,467	$ 4,840
Available under short-term line of credit agreements	$ 560	$ 445
Available under long-term line of credit agreements	$ 5,307	$ 5,474
Interest rate range on outstanding debt (d)	0.0–19.0%	0.0–16.7%
Weighted-average interest rate on outstanding short-term debt (d)	5.0%	5.7%
Weighted-average interest rate on outstanding long-term debt (d)	3.6%	2.7%

(a) Includes debt obligations to Ally Financial of $1.1 billion at December 31, 2011 and 2010.

(b) Net of a $1.6 billion and $1.9 billion discount at December 31, 2011 and 2010.

(c) We determined the fair value of debt based on a discounted cash flow model which used benchmark yield curves plus a spread that represented the yields on traded bonds of companies with comparable credit ratings and risk profiles.

(d) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The following table summarizes our short-term and long-term debt by collateral type (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Unsecured debt	$3,065	$2,011
Secured debt (a)	1,238	1,958
Capital leases	992	661
Total automotive debt	$5,295	$4,630

(a) Includes wholesale financing of dealer inventory.

Wholesale Financing

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our product and generally do not require cash outflows to settle. Balances under these facilities fluctuate period to period based on the volume of vehicles financed.

HCT Notes

As part of the establishment of the Health Care Trust (HCT) to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of $1.1 billion in October 2011. We recorded a premium of $42 million at issuance. The notes accrue interest at an annual rate of 7.0%. The notes are due in periodic installments through 2018. We may prepay these notes at any time. Refer to Note 18 for additional information on the HCT settlement.

Korea Preferred Shares

GM Korea has non-convertible mandatorily redeemable preferred shares outstanding of $978 million and $835 million at December 31, 2011 and December 31, 2010. Dividends accrue at a rate of 2.5% through October 2012 at which time the rate increases to 7.0% and remains in effect through 2017. The preferred shares are redeemable in periodic installments through 2017. In February 2011 we provided a guarantee to repurchase the preferred shares according to the redemption schedule if GM Korea does not have sufficient legally distributable earnings to redeem the shares. GM Korea has the option to redeem the shares early provided sufficient legally distributable earnings exist.

Secured Revolving Credit Facility

In October 2010 we entered into a five year, $5.0 billion secured revolving credit facility which includes a letter of credit sub-facility of up to $500 million. Additionally, we can use collateral under the revolving credit facility to support up to $2.0 billion of other obligations. While we do not believe that we will draw on the secured revolving credit facility to fund operating activities, the facility is expected to provide additional liquidity and financing flexibility. Availability under the secured revolving credit facility is subject to borrowing base restrictions.

Our obligations under the secured revolving credit facility are guaranteed by certain of our domestic subsidiaries and by substantially all of our domestic assets, including accounts receivable, inventory, property, plants, and equipment, real estate, intercompany loans, intellectual property and trademarks. Obligations are also secured by the equity interests in certain of our direct domestic subsidiaries, as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facility does not include, among other assets, cash, cash equivalents, marketable securities, as well as our investment in GM Financial and our equity interests in our China JVs and in GM Korea. If we receive an investment grade corporate rating from two or more of the credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we may no longer have to post collateral under the terms of the facility.

Interest rates on obligations under the secured revolving credit facility are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the debt evidenced by the secured revolving credit facility.

UST Credit Agreement

On July 10, 2009 we entered into a loan agreement with the UST, as amended (UST Credit Agreement) and assumed debt of $7.1 billion maturing on July 10, 2015 which Old GM incurred under its secured superpriority debtor-in-possession credit agreement with the UST and EDC (DIP Facility). In April 2010 we repaid the full outstanding amount of $4.7 billion using funds from our escrow account. Amounts repaid under the agreement may not be reborrowed.

While we have repaid the loans from the UST in full, certain of the covenants in the UST Credit Agreement and the executive compensation and corporate governance provisions of Section 111 of the Emergency Economic Stabilization Act of 2008, as amended, including the Interim Final Rule implementing Section 111 (the Interim Final Rule), remain in effect until the earlier to occur of the UST ceasing to own direct or indirect equity interests in us or our ceasing to be a recipient of exceptional financial assistance, as determined pursuant to the Interim Final Rule, and impose obligations on us with respect to, among other things, certain expense policies, executive privileges and compensation requirements.

VEBA Notes

In 2009 in connection with the 363 Sale, we entered into the VEBA Note Agreement and issued notes (VEBA Notes) of $2.5 billion to the UAW Retiree Medical Benefits Trust (New VEBA). The VEBA Notes had an implied interest rate of 9.0% per annum. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion, which resulted in a gain of $198 million included in Gain (loss) on extinguishment of debt.

Canadian Loan Agreement and EDC Loan Facility

On July 10, 2009 we entered into the amended and restated loan agreement with the EDC and assumed a $1.3 billion term loan (Canadian Loan) from the EDC under a loan and security agreement entered into in April 2009 (EDC Loan Facility) maturing on July 10, 2015. In March 2010 and December 2009 we made quarterly payments of $194 million and $192 million on the Canadian Loan. In April 2010 we repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Amounts repaid under the agreement may not be reborrowed.

Technical Defaults and Covenant Violations

Several of our loan facilities, including our secured revolving credit facility require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2011.

Automotive Financing — GM Financial

The following table summarizes the estimated fair value, carrying amount and various methods and assumptions used in valuing GM Financial's debt (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Carrying Amount	Estimated Fair Value (a)	Carrying Amount	Estimated Fair Value (a)
Credit facilities				
Medium-term note facility	$ 294	$ 294	$ 490	$ 490
Syndicated warehouse facility	621	621	278	278
Lease funding facilities	181	181	—	—
Bank funding facility	3	3	64	64
Total credit facilities	1,099	1,099	832	832
Securitization notes payable	6,938	6,946	6,128	6,107
Senior notes and convertible senior notes (b)	501	511	72	72
Total GM Financial debt	$8,538	$8,556	$7,032	$7,011

(a) Credit facilities have variable rates of interest and maturities of three years or less. The carrying amount is considered to be a reasonable estimate of fair value. The fair values of the securitization notes payable and senior notes and convertible senior notes are based on quoted market prices, when available. If quoted market prices are not available, the fair value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

(b) Senior notes and convertible senior notes are included in GM Financial Other liabilities.

Senior Notes and Convertible Senior Notes

In June 2011 GM Financial issued 6.75% senior notes of $500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

As a result of the acquisition of AmeriCredit, the holders of previous senior notes and convertible senior notes had the right to require GM Financial to repurchase some or all of their notes as provided in the indentures for such notes. During the three months ended December 31, 2010 GM Financial repurchased convertible senior notes and senior notes of $463 million.

Credit Facilities

The following table summarizes further details regarding terms and availability of GM Financial's credit facilities at December 31, 2011 (dollars in millions):

	Successor			
	Facility Amount	Advances Outstanding	Assets Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$2,000	$ 621	$ 821	$ 17
U.S. lease warehouse facility (c)	$ 600	—	—	—
Canada lease warehouse facility (d)	$ 589	181	274	1
Medium-term note facility (e)		294	322	84
Bank funding facility		3	—	—
		$1,099	$1,417	$102

(a) These amounts do not include cash collected on finance receivables pledged of $35 million which is included in GM Financial Restricted cash at December 31, 2011.

(b) In February 2011 GM Financial extended the maturity date of the syndicated warehouse facility to May 2012 and increased the borrowing capacity to $2.0 billion from $1.3 billion.

(c) In January 2012 GM Financial extended the maturity date of the lease warehouse facility for lease originations in the U.S. to January 2013. Borrowings on the facility are collateralized by leased assets.

(d) In July 2011 GM Financial Canada Leasing Ltd., a subsidiary of GM Financial entered into a lease warehouse facility for lease originations in Canada that matures in July 2012. Borrowings on the facility are collateralized by leased assets. The facility amount represents CAD $600 million at December 31, 2011.

(e) The revolving period under this facility has ended and the outstanding debt balance will be repaid over time based on the amortization of the receivables pledged until October 2016 when any remaining amount outstanding will be due and payable.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain of its credit facilities. The credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios including portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios, as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements or restrict GM Financial's ability to obtain additional borrowings under this facility. At December 31, 2011 GM Financial was in compliance with all covenants in its credit facilities. Refer to Note 14 for additional discussion on GM Financial's restricted cash.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase accounting premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2011 and 2010 unamortized purchase accounting premium of $43 million and $107 million is included in Securitization notes payable.

The following table summarizes Securitization notes payable (dollars in millions):

	Successor					
	December 31, 2011					December 31, 2010
Year of Transactions	Maturity Dates (a)	Original Note Amounts	Original Weighted-Average Interest Rates	Total Receivables Pledged	Note Balance	Note Balance
2006	January 2014	$ 1,200	5.4%	$ 69	$ 63	$ 537
2007	October 2013 – March 2016	$1,000 - 1,500	5.2% - 5.5%	844	794	1,610
2008	October 2014 – April 2015	$ 500 - 750	6.0% - 10.5%	503	171	501
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	416	298	494
2010	June 2016 – January 2018	$ 200 - 850	2.2% - 3.8%	2,015	1,756	2,683
2011	February 2017 – March 2019	$ 800 - 1,000	2.4% - 2.9%	4,078	3,813	N/A
BV2005				N/A	N/A	28
LB2006				N/A	N/A	168
				$7,925	6,895	6,021
Purchase accounting premium					43	107
Total securitization notes payable					$6,938	$6,128

(a) Maturity dates represent final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Securitization Notes Payable Covenants

With respect to GM Financial's securitization transactions covered by a financial guaranty insurance policy, agreements with the insurers provide that if portfolio performance ratios (delinquency, cumulative default or cumulative net loss) in a trust's pool of receivables exceed certain targets, the specified credit enhancement levels would be increased.

Agreements with GM Financial's financial guaranty insurance providers contain additional specified targeted portfolio performance ratios that are higher than those described in the preceding paragraph. If, at any measurement date, the targeted portfolio performance ratios with respect to any insured trust were to exceed these higher levels, provisions of the agreements permit GM Financial's financial guaranty insurance providers to declare the occurrence of an event of default and terminate GM Financial's servicing rights to the receivables transferred to that trust. At December 31, 2011 no such servicing right termination events have occurred with respect to any of the trusts formed by GM Financial.

Interest Expense

Consolidated

The following table summarizes interest expense (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Loans from UST (a)	$ —	$ 117	$226	$4,006
Canadian loan (b)	—	26	46	173
VEBA Notes	—	166	—	—
Old GM contingent convertible debt	—	—	—	176
Ally Financial, primarily wholesale financing	63	243	121	100
Other	477	546	301	973
Total Automotive interest expense	540	1,098	694	5,428
GM Financial interest expense	204	37		
Total interest expense	$744	$1,135	$694	$5,428

(a) Includes Old GM's borrowings under the UST Loan Agreement, as amended, entered into in December 2008 (UST Loan Agreement) and DIP Facility.

(b) Includes Old GM's EDC Loan Facility.

Long-Term Debt Maturities

Consolidated

The following table summarizes contractual long-term debt maturities including capital leases (dollars in millions):

	At December 31, 2011		
	Automotive	Automotive Financing (a)	Total
2012	$ 493	$4,263	$ 4,756
2013	164	1,482	1,646
2014	269	1,022	1,291
2015	404	720	1,124
2016	295	422	717
Thereafter	4,038	586	4,624
	$5,663	$8,495	$14,158

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes and convertible senior notes principal amounts are based on maturity.

At December 31, 2011 future interest payments on automotive capital lease obligations were $755 million. GM Financial does not have capital lease obligations at December 31, 2011.

Old GM

Secured Revolving Credit Facility, U.S. Term Loan and Secured Credit Facility

In March 2009 Old GM entered into an agreement to amend its $1.5 billion U.S. term loan. Because the terms of the amended U.S. term loan were substantially different than the original terms, due primarily to the revised borrowing rate, Old GM accounted for the amendment as a debt extinguishment. As a result, Old GM recorded the amended U.S. term loan at fair value and recorded a gain on the extinguishment of the original loan facility of $906 million in the period January 1, 2009 through July 9, 2009.

In connection with the relief sought under U.S. bankruptcy laws (Chapter 11 Proceedings), Old GM's $4.5 billion secured revolving credit facility, $1.5 billion U.S. term loan and $125 million secured credit facility were paid in full on June 30, 2009. Old GM recorded a loss of $958 million in Reorganization gains, net related to the extinguishments of the debt due primarily to the face value of the U.S. term loan exceeding the carrying amount.

Contractual interest expense not accrued or recorded on pre-petition debt was $200 million in the period January 1, 2009 through July 9, 2009 (includes contractual interest expense related to contingent convertible debt of $44 million).

Contingent Convertible Debt

Old GM adopted the provisions of ASC 470-20, "Debt with Conversion and Other Options" (ASC 470-20) in January 2009, with retrospective application to prior periods. At July 9, 2009 Old GM's contingent convertible debt outstanding was $7.4 billion, comprised of principal of $7.9 billion and unamortized discounts of $551 million. Upon adoption of ASC 470-20, the effective interest rate on Old GM's outstanding contingent convertible debt ranged from 7.0% to 7.9%. In connection with the 363 Sale, MLC retained the contingent convertible debt.

The following table summarizes the components of interest expense related to contingent convertible debt (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Interest accrued or paid (a)	$176
Amortization of discounts	51
Interest expense	$227

(a) Contractual interest expense not accrued or recorded on pre-petition debt as a result of the Chapter 11 Proceedings totaled $44 million in the period January 1, 2009 through July 9, 2009.

Note 18. Pensions and Other Postretirement Benefits

Consolidated

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. Non-skilled trade hourly U.S. employees hired after October 15, 2007 participate in a defined benefit cash balance plan which was frozen on January 2, 2012 and will be terminated in 2012 subject to regulatory approvals. In September 2010 the U.S. hourly defined benefit pension plan was amended to create a legally separate new defined benefit pension plan for entry level participants who are covered by the cash balance benefit formula. The underlying benefits offered to plan participants were unchanged. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. There is also an unfunded nonqualified pension plan covering certain U.S. executives for service prior to January 1, 2007, and it is based on an "excess plan" for service after that date.

In January 2012 we amended the U.S. salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. Active plan participants will receive additional contributions in the defined contribution plan starting in October 2012. This amendment will result in a curtailment, with an insignificant expense effect, and reduce the projected benefit obligation by approximately $300 million.

Pension Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2011 all legal funding requirements had been met. We expect to contribute $100 million to our U.S. non-qualified plans and $740 million to our non-U.S. pension plans in 2012.

The following table summarizes contributions made to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. hourly and salaried	$1,962	$4,095	$ 31	$ 57
Non-U.S.	836	777	4,287	529
Total	$2,798	$4,872	$4,318	$586

We made a contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

OPEB Contributions

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Employer contributions	$426	$651	$1,528	$1,947
Plan participants' contributions	13	53	172	169
Total contributions	$439	$704	$1,700	$2,116

For the year ended December 31, 2011 we also contributed $1.9 billion to the independent HCT consisting of restricted cash of $0.8 billion and notes payable of $1.1 billion.

Defined Contribution Plans

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after October 1, 2007 participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans.

The following table summarizes our consolidated contributions to defined contribution plans (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total contributions	$297	$241	$100	$70

Significant Plan Amendments, Benefit Modifications and Related Events

Remeasurements

The change in benefit obligation for the years ended December 31, 2011 and 2010 include interim remeasurements. For the year ended December 31, 2010 there were no significant remeasurements, curtailments or settlements as a result of changes to the underlying benefits offered to the plan participants.

In the three months ended September 30, 2011 a plan which provides legal services to U.S. hourly employees and retirees was remeasured as a result of our current labor agreement provisions which terminate the plan effective December 31, 2013. The termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of $266 million in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.

Canadian Health Care Trust

In October 2011 pursuant to a June 2009 agreement between GMCL and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of $749 million as a component of Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of $3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling $1.9 billion, and recognition of $414 million of accumulated other comprehensive losses.

Pension and OPEB Obligations and Plan Assets

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Successor			
	Year Ended December 31, 2011			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$103,395	$ 24,762	$ 5,667	$ 4,252
Service cost	494	399	23	30
Interest cost	4,915	1,215	265	186
Plan participants' contributions	—	7	13	9
Amendments	(6)	(10)	(284)	(2)
Actuarial losses	8,494	1,530	548	343
Benefits paid	(8,730)	(1,561)	(439)	(180)
Early retirement reinsurance program receipts	—	—	29	—
Foreign currency translation adjustments	—	(508)	—	(128)
Canadian healthcare trust settlement	—	—	—	(3,051)
Curtailments, settlements and other	—	(69)	—	31
Ending benefit obligation	108,562	25,765	5,822	1,490
Change in plan assets				
Beginning fair value of plan assets	91,007	14,903	—	—
Actual return on plan assets	10,087	686	—	—
Employer contributions	1,962	836	426	171
Plan participants' contributions	—	7	13	9
Benefits paid	(8,730)	(1,561)	(439)	(180)
Foreign currency translation adjustments	—	(258)	—	—
Settlements	—	(34)	—	—
Other	23	(38)	—	—
Ending fair value of plan assets	94,349	14,541	—	—
Ending funded status	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 61	$ —	$ —
Current liabilities	(99)	(324)	(411)	(65)
Non-current liabilities	(14,114)	(10,961)	(5,411)	(1,425)
Net amount recorded	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial loss	$ (1,352)	$ (2,498)	$(1,003)	$ (177)
Net prior service credit	15	19	251	76
Total recorded in Accumulated other comprehensive income (loss)	$ (1,337)	$ (2,479)	$ (752)	$ (101)

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Change in benefit obligations				
Beginning benefit obligation	$101,571	$24,374	$ 5,788	$ 3,797
Service cost	451	386	21	32
Interest cost	5,275	1,187	288	200
Plan participants' contributions	—	7	53	9
Amendments	2	(5)	3	—
Actuarial losses	5,251	168	255	185
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	189	—	200
Divestitures	(6)	(75)	(2)	—
Curtailments, settlements, and other	—	(22)	1	2
Ending benefit obligation	103,395	24,762	5,667	4,252
Change in plan assets				
Beginning fair value of plan assets	84,500	14,027	31	—
Actual return on plan assets	11,561	1,234	5	—
Employer contributions	4,095	777	651	164
Plan participants' contributions	—	7	53	9
Benefits paid	(9,149)	(1,447)	(740)	(173)
Foreign currency translation adjustments	—	505	—	—
Divestitures	—	(59)	—	—
Settlements	—	(174)	—	—
Other	—	33	—	—
Ending fair value of plan assets	91,007	14,903	—	—
Ending funded status	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 72	$ —	$ —
Current liabilities	(93)	(332)	(440)	(185)
Non-current liabilities	(12,295)	(9,599)	(5,227)	(4,067)
Net amount recorded	$ (12,388)	$ (9,859)	$(5,667)	$(4,252)
Amounts recorded in Accumulated other comprehensive income (loss)				
Net actuarial gain (loss)	$ 3,609	$ (701)	$ (460)	$ (259)
Net prior service credit	10	12	—	85
Total recorded in Accumulated other comprehensive income (loss)	$ 3,619	$ (689)	$ (460)	$ (174)

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$108,195	$25,404	$103,110	$24,371
Plans with ABO in excess of plan assets				
ABO	$108,195	$24,687	$103,090	$23,519
Fair value of plan assets	$ 94,349	$13,738	$ 90,983	$13,959
Plans with PBO in excess of plan assets				
PBO	$108,562	$25,024	$103,375	$24,350
Fair value of plan assets	$ 94,349	$13,739	$ 90,983	$14,419

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions).

	Successor			
	Year Ended December 31, 2011			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 632	$ 399	$ 23	$ 30
Interest cost	4,915	1,215	265	186
Expected return on plan assets	(6,692)	(925)	—	—
Amortization of prior service credit	(2)	(2)	(39)	(9)
Recognized net actuarial loss	—	—	6	—
Curtailments, settlements, and other (gains) losses	(23)	(7)	—	(749)
Net periodic pension and OPEB (income) expense	$(1,170)	$ 680	$ 255	$ (542)
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase	4.50%	3.11%	4.50%	4.20%
Weighted-average assumptions used to determine net expense				
Discount rate	4.96%	5.16%	5.05%	5.01%
Expected return on plan assets	8.00%	6.50%	N/A	N/A
Rate of compensation increase	3.96%	3.25%	4.50%	4.42%

	Successor			
	Year Ended December 31, 2010			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognition of net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	N/A
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

	Successor			
	July 10, 2009 Through December 31, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 254	$ 157	$ 62	$ 17
Interest cost	2,578	602	886	94
Expected return on plan assets	(3,047)	(438)	(432)	—
Amortization of prior service cost (credit)	—	—	—	(1)
Curtailments, settlements, and other losses	249	9	2,580	—
Net periodic pension and OPEB expense	$ 34	$ 330	$ 3,096	$ 110
Weighted-average assumptions used to determine benefit obligations				
Discount rate	5.52%	5.31%	5.57%	5.22%
Rate of compensation increase	3.94%	3.27%	1.48%	4.45%
Weighted-average assumptions used to determine net expense				
Discount rate	5.63%	5.82%	6.81%	5.47%
Expected return on plan assets	8.50%	7.97%	8.50%	N/A
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%

	Predecessor			
	January 1, 2009 Through July 9, 2009			
	U.S. Plans Pension Benefits	Non-U.S. Plans Pension Benefits	U.S. Plans Other Benefits	Non-U.S. Plans Other Benefits
Components of expense				
Service cost	$ 243	$ 155	$ 69	$ 12
Interest cost	3,077	596	1,615	102
Expected return on plan assets	(3,810)	(364)	(444)	—
Amortization of prior service cost (credit)	429	(12)	(1,051)	(63)
Amortization of transition obligation	—	2	—	—
Recognition of net actuarial loss	715	193	32	23
Curtailments, settlements, and other losses (gains)	1,720	97	21	(123)
Net periodic pension and OPEB (income) expense	$ 2,374	$ 667	$ 242	$ (49)
Weighted-average assumptions used to determine benefit obligations				
Discount rate	5.86%	5.82%	6.86%	5.47%
Rate of compensation increase	3.94%	3.23%	1.48%	4.45%
Weighted-average assumptions used to determine net expense				
Discount rate	6.27%	6.23%	8.11%	6.77%
Expected return on plan assets	8.50%	7.74%	8.50%	N/A
Rate of compensation increase	5.00%	3.08%	1.87%	4.45%

U.S. pension plan service cost include administrative expenses of $138 million, $97 million, and $38 million for the years ended December 31, 2011 and 2010, and the period July 10, 2009 through December 31, 2009. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements.

Assumptions

Healthcare Trend Rate

As a result of modifications made to healthcare plans in connection with the 363 Sale, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. The implementation of the HCT at October 31, 2011 eliminated significant exposure to changes in the healthcare cost trend rate for non-U.S. plans.

	Successor
	December 31, 2010
Assumed Healthcare Trend Rates	Non-U.S. Plans
Initial healthcare cost trend rate	5.6%
Ultimate healthcare cost trend rate	3.4%
Number of years to ultimate trend rate	8

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates (dollars in millions):

	Successor	
	Non-U.S. Plans	
Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	$ 31	$ 491
One percentage point decrease	$(25)	$(392)

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected return on asset assumptions for U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent fund performance and historical returns, the expected return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be optimal in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the complementary objectives of reaching fully funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In December 2011 an analysis of the investment policy was completed for the U.S. pension plans considering: (1) our overall balance sheet derisking strategy; (2) the plans are closed to new participants; and (3) the 2011 UAW negotiations did not increase pension benefits. Separate long-term strategies were developed for the salaried and hourly U.S. pension plans which represent 35% and 65% of total U.S. pension plans' assets. Using an approach which matches plan assets and liability cash flows to minimize risk of funded status volatility, the expected weighted-average return on assets was reduced from 8.0% at December 31, 2010 to 5.7% for the salaried pension plan and to 6.5% for the hourly pension plan. The resulting weighted-average return is 6.2% The overall decrease is primarily due to a different asset mix consisting of a higher proportion of fixed income investments compared to last year. The salaried pension plan has a higher target proportion of fixed income investments than the hourly pension plan and therefore, a lower expected return on assets than the hourly pension plan.

The expected return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans. The rates of 6.5% and 7.4% for the years ended December 31, 2011 and 2010 represent weighted-average rates of all of the funded non-U.S. plans.

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	Successor			
	December 31, 2011		December 31, 2010	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity	14%	34%	29%	36%
Debt	66%	45%	41%	48%
Real estate	5%	9%	8%	9%
Other (a)	15%	12%	22%	7%
Total	100%	100%	100%	100%

(a) Includes private equity and absolute return strategies which primarily consist of hedge funds.

Investment in Trusts

The assets of the U.S. hourly and salaried pension plans are held by various master trusts and group trusts (collectively "Trusts"). The master trusts hold only GM sponsored pension plan assets. The group trusts permit the commingling of the assets of more than one employee benefit plan, including plans of unrelated sponsors. The plans that participate in the Trusts own an undivided beneficial interest in the underlying assets and changes therein of the respective Trusts. During 2011 certain assets held by several group trusts for the benefit of unrelated plan sponsors were liquidated which resulted in the beneficial interest in the remaining assets within these group trusts becoming solely owned by the GM sponsored pension plans. The residual beneficial interest of unrelated benefit plan sponsors in the other group trusts is not significant. The following fair value measurement tables reflect the underlying assets held by the Trusts for the benefit of our U.S. pension plans on a combined basis and exclude the remaining beneficial interest in the assets within the group trusts owned by unrelated benefit plan sponsors.

Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Fair Value Measurements of U.S. Plan Assets at December 31, 2011				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2011				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Cash equivalents and other short-term investments	$ —	$ 100	$ —	$ 100	$ —	$ 533	$ —	$ 533	$ 633
Common and preferred stocks (a)	11,134	78	46	11,258	2,109	2	—	2,111	13,369
Government and agency debt securities (b)	—	21,531	3	21,534	—	3,613	1	3,614	25,148
Corporate debt securities (c)	—	22,725	352	23,077	—	1,820	4	1,824	24,901
Agency mortgage and asset-backed securities	—	1,847	—	1,847	—	94	—	94	1,941
Non-agency mortgage and asset-backed securities	—	1,399	197	1,596	—	49	4	53	1,649
Group annuity contracts	—	—	3,209	3,209	—	—	—	—	3,209
Investment funds									
Equity funds	23	852	521	1,396	—	1,837	146	1,983	3,379
Fixed income funds	—	1,092	1,210	2,302	—	1,142	20	1,162	3,464
Funds of hedge funds	—	—	5,918	5,918	—	—	585	585	6,503
Global macro funds	—	266	4	270	—	—	236	236	506
Multi-strategy funds	24	949	2,123	3,096	—	24	—	24	3,120
Other investment funds (d)	—	335	143	478	—	—	11	11	489
Private equity and debt investments (e)	—	—	8,444	8,444	—	—	298	298	8,742
Real estate investments (f)	1,279	—	5,092	6,371	13	27	1,345	1,385	7,756
Other investments	—	—	—	—	—	—	428	428	428
Derivatives									
Interest rate contracts	138	4,180	9	4,327	4	—	—	4	4,331
Foreign currency exchange contracts	—	152	—	152	—	59	—	59	211
Equity contracts	61	15	—	76	17	—	—	17	93
Credit contracts	—	79	—	79	—	—	—	—	79
Total assets	12,659	55,600	27,271	95,530	2,143	9,200	3,078	14,421	109,951
Liabilities									
Agency mortgage and asset-backed securities (g)	—	(67)	—	(67)	—	—	—	—	(67)
Derivatives									
Interest rate contracts	(28)	(1,752)	(2)	(1,782)	(4)	—	—	(4)	(1,786)
Foreign currency exchange contracts	—	(75)	—	(75)	—	(46)	—	(46)	(121)
Equity contracts	(17)	(14)	—	(31)	(3)	—	—	(3)	(34)
Credit contracts	—	(29)	(6)	(35)	—	—	—	—	(35)
Total liabilities	(45)	(1,937)	(8)	(1,990)	(7)	(46)	—	(53)	(2,043)
Net plan assets subject to leveling	$12,614	$53,663	$27,263	93,540	$2,136	$9,154	$3,078	14,368	107,908
Other plan assets and liabilities (h)				809				173	982
Net Plan Assets				$94,349				$14,541	$108,890

	Fair Value Measurements of U.S. Plan Assets at December 31, 2010				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2010				
	Level 1	Level 2	Level 3	Total U.S. Plan Assets	Level 1	Level 2	Level 3	Total Non-U.S. Plan Assets	Total U.S. and Non-U.S. Plan Assets
Assets									
Cash equivalents and other short-term investments	$ —	$ 6,855	$ —	$ 6,855	$ —	$ 717	$ —	$ 717	$ 7,572
Common and preferred stocks	6,755	788	64	7,607	2,781	13	—	2,794	10,401
Government and agency debt securities (b)	—	5,402	75	5,477	—	3,410	4	3,414	8,891
Corporate debt securities (c)	—	8,252	562	8,814	—	1,964	41	2,005	10,819
Agency mortgage and asset-backed securities	—	476	—	476	—	44	—	44	520
Non-agency mortgage and asset-backed securities	—	1,863	821	2,684	—	86	—	86	2,770
Group annuity contracts	—	—	3,115	3,115	—	—	—	—	3,115
Investment funds									
Equity funds	20	12,831	382	13,233	2	2,001	200	2,203	15,436
Fixed income funds	48	9,882	2,287	12,217	—	1,085	—	1,085	13,302
Funds of hedge funds	—	516	6,344	6,860	—	—	74	74	6,934
Global macro funds	—	111	4	115	—	—	255	255	370
Multi-strategy funds	—	4,624	3,546	8,170	—	34	—	34	8,204
Other investment funds (d)	—	150	186	336	—	—	103	103	439
Private equity and debt investments (e)	—	—	8,037	8,037	—	—	169	169	8,206
Real estate investments (f)	1,648	1	5,508	7,157	11	39	1,263	1,313	8,470
Other investments	—	—	—	—	—	104	281	385	385
Derivatives									
Interest rate contracts	—	1,251	—	1,251	—	—	—	—	1,251
Foreign currency exchange contracts	—	91	1	92	—	56	—	56	148
Equity contracts	73	3	20	96	—	19	—	19	115
Credit contracts	—	62	3	65	—	—	—	—	65
Total assets	8,544	53,158	30,955	92,657	2,794	9,572	2,390	14,756	107,413
Liabilities									
Common and preferred stocks (g)	(1,287)	(121)	—	(1,408)	—	—	—	—	(1,408)
Corporate debt securities (g)	—	—	(2)	(2)	—	—	—	—	(2)
Real estate investments (g)	(41)	—	—	(41)	—	—	—	—	(41)
Derivatives									
Interest rate contracts	(4)	(2,272)	(18)	(2,294)	—	—	—	—	(2,294)
Foreign currency exchange contracts	—	(146)	—	(146)	—	(45)	—	(45)	(191)
Equity contracts	(180)	(2)	(61)	(243)	—	(7)	—	(7)	(250)
Credit contracts	—	(21)	(4)	(25)	—	—	—	—	(25)
Total liabilities	(1,512)	(2,562)	(85)	(4,159)	—	(52)	—	(52)	(4,211)
Net plan assets subject to leveling	$ 7,032	$50,596	$30,870	88,498	$2,794	$9,520	$2,390	14,704	103,202
Other plan assets and liabilities (h)				2,509				199	2,708
Net Plan Assets				$91,007				$14,903	$105,910

(a) Includes GM common stock of $1.2 billion within Level 1 of U.S. plan assets.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Primarily investments in alternative investment funds.

(e) Includes private equity investment funds.

(f) Includes investment funds and public real estate investment trusts.

(g) Primarily investments sold short.

(h) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following tables summarize the activity for U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Balance at December 31, 2011	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2011
Assets						
Common and preferred stocks	$ 64	$ (4)	$ (11)	$ (3)	$ 46	$ (53)
Government and agency debt securities	75	(9)	(63)	—	3	1
Corporate debt securities	562	(29)	(168)	(13)	352	(49)
Non-agency mortgage and asset-backed securities	821	(8)	(625)	9	197	(57)
Group annuity contracts	3,115	302	(208)	—	3,209	302
Investment funds						
Equity funds	382	(129)	268	—	521	(120)
Fixed income funds	2,287	40	(1,026)	(91)	1,210	124
Funds of hedge funds	6,344	(56)	(370)	—	5,918	(23)
Global macro funds	4	—	—	—	4	—
Multi-strategy funds	3,546	(100)	(1,297)	(26)	2,123	63
Other investment funds	186	(19)	(24)	—	143	(19)
Private equity and debt investments	8,037	839	(432)	—	8,444	(12)
Real estate investments	5,508	799	(1,215)	—	5,092	382
Total assets	30,931	1,626	(5,171)	(124)	27,262	539
Liabilities						
Corporate debt securities	(2)	—	—	2	—	—
Total liabilities	(2)	—	—	2	—	—
Derivatives, net						
Interest rate contracts	(18)	25	—	—	7	25
Foreign currency exchange contracts	1	—	(1)	—	—	—
Equity contracts	(41)	50	(9)	—	—	(1)
Credit contracts	(1)	(4)	(1)	—	(6)	(7)
Total net assets	$30,870	$1,697	$(5,182)	$(122)	$27,263	$ 556

	Balance at January 1, 2010	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2010	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2010
Assets						
Common and preferred stocks	$ 53	$ 3	$ 4	$ 4	$ 64	$ 23
Government and agency debt securities	1,501	9	(112)	(1,323)	75	(8)
Corporate debt securities	1,747	51	(526)	(710)	562	56
Agency mortgage and asset-backed securities	6	—	(1)	(5)	—	—
Non-agency mortgage and asset-backed securities	1,520	144	(172)	(671)	821	393
Group annuity contracts	3,301	66	(252)	—	3,115	(95)
Investment funds						
Equity funds	576	15	7	(216)	382	(1)
Fixed income funds	6,488	230	(307)	(4,124)	2,287	136
Funds of hedge funds	4,435	428	1,520	(39)	6,344	103
Global macro funds	711	11	(606)	(112)	4	103
Multi-strategy funds	1,809	385	1,521	(169)	3,546	359
Other investment funds	456	(31)	(160)	(79)	186	(2)
Private equity and debt investments	6,940	1,168	(71)	—	8,037	578
Real estate investments	4,836	580	92	—	5,508	523
Total assets	34,379	3,059	937	(7,444)	30,931	2,168
Liabilities						
Common and preferred stocks	(2)	—	—	2	—	—
Corporate debt securities	(3)	—	—	1	(2)	—
Total liabilities	(5)	—	—	3	(2)	—
Derivatives, net						
Interest rate contracts	92	(18)	(2)	(90)	(18)	(18)
Foreign currency exchange contracts	—	—	1	—	1	—
Equity contracts	(15)	(16)	(10)	—	(41)	(16)
Credit contracts	35	(17)	(27)	8	(1)	(20)
Total net assets	$34,486	$3,008	$ 899	$(7,523)	$30,870	$2,114

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2011	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2011
Assets							
Government and agency debt securities	$ 4	$ —	$ —	$ (3)	$ —	$ 1	$ —
Corporate debt securities	41	—	(28)	(9)	—	4	—
Agency mortgage and asset-backed securities	—	—	—	—	—	—	—
Non-agency mortgage and asset-backed securities	—	—	(2)	6	—	4	—
Investment funds							
Equity funds	200	(32)	9	(29)	(2)	146	(33)
Fixed income funds	—	—	(5)	25	—	20	—
Funds of hedge funds	74	(4)	531	—	(16)	585	(4)
Global macro funds	255	(14)	—	—	(5)	236	(14)
Other investment funds	103	—	(94)	—	2	11	—
Private equity and debt investments	169	28	109	—	(8)	298	28
Real estate investments	1,263	203	(99)	—	(22)	1,345	203
Other investments	281	30	121	11	(15)	428	30
Total assets	$2,390	$211	$542	$ 1	$(66)	$3,078	$210

	Balance at January 1, 2010	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2010	Change in Unrealized Gains/ (Losses) Attributable to Assets Held at December 31, 2010
Assets							
Government and agency debt securities	$ 65	$ (2)	$ (13)	$ (46)	$—	$ 4	$ 1
Corporate debt securities	109	2	(35)	(38)	3	41	2
Agency mortgage and asset-backed securities	7	—	—	(7)	—	—	—
Non-agency mortgage and asset-backed securities	16	(1)	(5)	(10)	—	—	10
Investment funds							
Equity funds	—	32	4	155	9	200	30
Funds of hedge funds	66	9	(4)	—	3	74	9
Global macro funds	—	31	—	212	12	255	31
Other investment funds	104	4	(4)	—	(1)	103	4
Private equity and debt investments	110	15	36	—	8	169	15
Real estate investments	1,042	57	123	7	34	1,263	57
Other investments	—	17	(9)	253	20	281	17
Total assets	$1,519	$164	$ 93	$526	$88	$2,390	$176

Transfers In and/or Out of Level 3

There were no significant transfers of U.S. plan assets into and/or out of Level 3 during the year ended December 31, 2011.

Significant transfers of U.S. plan assets out of Level 3 into Level 2 for the year ended December 31, 2010 included $1.3 billion, of government and agency debt securities, $0.7 billion of corporate debt securities, $0.7 billion of non-agency mortgage and asset-backed securities and $4.7 billion of investment funds. Except for investment funds, these transfers were the result of improved pricing transparency of these securities which allowed management to corroborate observable pricing inputs received from independent pricing services. Investment fund transfers were the result of management's ability to validate certain liquidity and redemption restrictions that permit the plans to redeem their interests at NAV in the near-term (generally within 90 days).

There were no significant transfers of non-U.S. plan assets into and /or out of Level 3 during the years ended December 31, 2011 and 2010.

Investment Fund Strategies

Equity funds include funds that invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds include funds that invest in a portfolio of hedge funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Global macro funds include funds that enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies and physical commodities markets while minimizing downside risk. Global macro managers may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category employ single strategies such as event-driven or relative value.

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments are made to gain exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The pension plans' assets include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

Certain plan assets represent investments in group annuity contracts. We entered into group annuity contracts with various life insurance companies to provide pension benefits to certain of our salaried workforce and backed these obligations by high quality fixed income securities. We, as the plans' sponsor, might be exposed to counterparty risk if any or all of the life insurance companies fail to perform in accordance with the terms and conditions stipulated in the contracts, or any or all of the life insurance companies become insolvent or experience other forms of financial distress. We and the plans might also be exposed to liquidity risk due to the funding obligation that may arise under these contracts. The plans' management monitors counterparty and liquidity risks on an on-going basis and has procedures in place that are designed to monitor the financial performance of the life insurance companies that are parties to these contracts and maintain flexibility in addressing contract-specific and broader market events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts are used to manage and mitigate foreign currency risk.

The pension plans may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of our derivatives at December 31, 2011 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

Pension Funding Requirements

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006 (PPA), which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. The Pension Relief Act of 2010 provides us with options to amortize any shortfall amortization base for U.S. qualified pension plans either (1) over seven years with amortization starting two years after the election of this relief or (2) over 15 years.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations. We have elected the 15-year amortization funding relief option for certain of our U.S. pension plans for the most recent pension funding valuation as of October 1, 2010. The election of the 15-year amortization option has enabled us to defer the funding requirements to future years. No election is required at this time for the plan year beginning October 1, 2011, and we plan to evaluate these options in the future for our U.S. qualified pension plans. We have no funding requirements for our U.S. qualified plans in 2012.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Successor			
	Years Ended December 31,			
	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans (b)
2012	$ 8,514	$1,437	$ 419	$ 55
2013	$ 8,262	$1,441	$ 403	$ 58
2014	$ 8,065	$1,475	$ 367	$ 61
2015	$ 7,918	$1,505	$ 357	$ 65
2016	$ 7,645	$1,528	$ 350	$ 68
2017-2021	$35,435	$7,725	$1,678	$381

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

(b) Benefit payments presented in this table reflect the effect of the implementation of the HCT, which releases us from certain CAW retiree healthcare claims incurred after October 31, 2011.

Note 19. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

In accordance with our risk management policy, we enter into a variety of foreign currency exchange rate and commodity derivative contracts in connection with the management of exposure to fluctuations in certain foreign currency exchange rates and commodity prices. At December 31, 2011 our derivative instruments consisted primarily of forward contracts and options.

At December 31, 2011 and 2010 no outstanding derivative contracts were designated in hedging relationships.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk attributable to the counterparties' ability to meet the terms of the agreements. Certain of our agreements with counterparties require, under certain circumstances, that the counterparty post collateral with us for net asset positions. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. Collateral held from counterparties was insignificant and $74 million at December 31, 2011 and December 31, 2010.

At December 31, 2011 substantially all derivative counterparty exposures were with counterparties that were rated A- or higher.

Credit Risk Related Contingent Features

Certain of our agreements with counterparties require that we provide cash collateral for net liability positions that we may have with such counterparty. At December 31, 2011 no collateral was posted related to derivative instruments, and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following tables summarize fair value measurements of our derivative instruments measured on a recurring basis (dollars in millions):

	Successor				
	December 31, 2011				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 6,507	$ 64	$ —	$ 46	$—
Commodity	2,566	9	—	10	5
Embedded	1,461	28	124	1	5
Total	$10,534	$101	$124	$ 57	$10

	Successor				
	December 31, 2010				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 5,910	$ 80	$ —	$113	$—
Commodity	2,501	93	—	—	—
Embedded	1,550	—	—	2	7
Warrants	11	—	44	—	—
Total	$ 9,972	$173	$ 44	$115	$ 7

(a) Recorded in Other current assets and deferred income taxes.

(b) Recorded in Other assets.

(c) Recorded in Accrued liabilities.

(d) Recorded in Other liabilities and deferred income taxes.

	Successor			
	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency	$—	$64	$ —	$ 64
Commodity	—	9	—	9
Embedded	—	4	148	152
Total	$—	$77	$148	$225
Liabilities				
Foreign currency	$—	$46	$ —	$ 46
Commodity	—	5	10	15
Embedded	—	6	—	6
Total	$—	$57	$ 10	$ 67

	Successor			
	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Foreign currency	$—	$ 80	$—	$ 80
Commodity	—	93	—	93
Warrants	—	44	—	44
Total	$—	$217	$—	$217
Liabilities				
Foreign currency	$—	$113	$—	$113
Embedded	—	9	—	9
Total	$—	$122	$—	$122

At December 31, 2011 and 2010, our non-performance risk was not observable through a liquid credit default swap market. In the three months ended December 31, 2010 we determined that our non-performance risk no longer represented a significant input in the determination of the fair value of our foreign currency exchange derivatives. The effect of our non-performance risk in the valuation was reduced due to the reduction in the remaining duration and magnitude of these net derivative liability positions. In October 2010 we transferred foreign currency derivatives with a fair market value of $183 million out of Level 3 to Level 2.

Fair Value Measurements on a Recurring Basis using Level 3 Inputs

The following table summarizes the activity for our derivative investments classified in Level 3 (dollars in millions):

	Successor			
	Level 3 Net Assets and (Liabilities) (a)			
	Year Ended December 31, 2011			Year Ended December 31, 2010
	Embedded	Commodity	Total	Foreign Currency
Balance at beginning of period	$ —	$ —	$ —	$(672)
Total realized/unrealized gains (losses)				
Included in earnings	160	(10)	150	103
Included in other comprehensive income (loss)	(10)	—	(10)	(10)
Settlements	(2)	—	(2)	
Purchases, issuances and settlements	—	—	—	394
Transfer in and/or out of Level 3	—	—	—	185
Balance at end of period	$148	$(10)	$138	$ —
Amount of total gains (losses) in the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	$157	$(10)	$147	$ —

(a) Realized and unrealized gains (losses) are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income.

Gains and (Losses) on Derivatives

The following table summarizes derivative gains (losses) recorded in earnings (dollars in millions):

	Successor		
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Foreign Currency			
Interest income and other non-operating income, net	$ (30)	$ 82	$279
Interest Rate Swap			
Automotive interest expense	—	—	(1)
Commodity			
Interest income and other non-operating income, net	(98)	(25)	—
Embedded			
Interest income and other non-operating income, net	165	(8)	—
Warrants			
Interest income and other non-operating income, net	4	19	—
Total gains (losses) recorded in earnings	$ 41	$ 68	$278

Other Derivatives

In September 2009 in connection with an agreement with American Axle, we received warrants to purchase 4 million shares of American Axle common stock exercisable at $2.76 per share. At December 31, 2010 the fair value of these warrants was $44 million. In February 2011 we exercised the warrants and sold the shares and received proceeds of $48 million.

In 2010 we entered into a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. The fair value of this embedded derivative was an asset of $148 million at December 31, 2011 and insignificant at December 31, 2010.

In connection with our investment in New Delphi, which we accounted for using the equity method, we recorded our share of New Delphi's other comprehensive income (loss) in Accumulated other comprehensive income. In the three months ended March 31, 2011 we recorded cash flow hedging gains of $13 million; and in the year ended December 31, 2010 and the period July 10, 2009 through December 31, 2009 we recorded cash flow hedge losses of $22 million and $1 million related to our share of New Delphi's hedging losses. In March 2011 we sold our interests in New Delphi. As a result previously recorded cash flow hedging losses of $10 million in Accumulated other comprehensive income were reclassified to earnings and recorded in the gain on sale of New Delphi. Refer to Note 4 for additional information on the sale of New Delphi.

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

We entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Interest income and other non-operating income, net, as these contracts do not qualify for the normal purchases and normal sales scope exception in ASC 815, "Derivatives and Hedging" (ASC 815).

Automotive Financing — GM Financial

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable.

The effect of derivative instruments on earnings and Accumulated other comprehensive income was insignificant for the years ended December 31, 2011 and 2010.

The following table summarizes interest rate swaps, caps and foreign currency exchange derivatives (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Notional	Fair Value	Notional	Fair Value
Assets (a)				
Interest rate swaps	$ 509	$ 2	$1,227	$23
Interest rate caps	1,513	5	946	8
Total	$2,022	$ 7	$2,173	$31
Liabilities (b)				
Interest rate swaps	$ 509	$ 6	$1,227	$47
Interest rate caps	1,471	5	832	8
Foreign currency exchange derivatives	—	—	49	2
Total	$1,980	$11	$2,108	$57

(a) Recorded in GM Financial Other assets.

(b) Recorded in GM Financial Other liabilities.

The following tables summarize fair value measurements of GM Financial's derivative instruments measured on a recurring basis (dollars in millions):

	Successor			
	Fair Value Measurements on a Recurring Basis			
	December 31, 2011			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate swaps	$—	$—	$ 2	$ 2
Interest rate caps	—	5	—	5
Total	$—	$ 5	$ 2	$ 7
Liabilities				
Interest rate swaps	$—	$—	$ 6	$ 6
Interest rate caps	—	5	—	5
Total	$—	$ 5	$ 6	$11

	Successor			
	Fair Value Measurements on a Recurring Basis			
	December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate swaps	$—	$—	$23	$23
Interest rate caps	—	8	—	8
Total	$—	$ 8	$23	$31
Liabilities				
Interest rate swaps	$—	$—	$47	$47
Interest rate caps	—	8	—	8
Foreign currency contracts	—	2	—	2
Total	$—	$10	$47	$57

Fair Value Measurements on a Recurring Basis using Level 3 Inputs

The following table summarizes the activity for GM Financial's derivative instruments classified in Level 3 (dollars in millions):

	Successor			
	Interest Rate Swap Derivatives			
	Year Ended December 31, 2011		October 1, 2010 Through December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Balance at beginning of period	$ 23	$(47)	$27	$(61)
Transfers in and/or out of Level 3	—	—	—	—
Total realized/unrealized gains (losses)				
Included in earnings	(2)	1	1	(1)
Included in other comprehensive income (loss)	—	—	—	—
Settlements	(19)	40	(5)	15
Balance at end of period	$ 2	$ (6)	$23	$(47)

Credit Risk Related Contingent Features

Under the terms of the derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. At December 31, 2011 and 2010 these restricted cash accounts totaled $36 million and $33 million and were recorded in GM Financial Restricted cash.

Old GM

Derivatives and Hedge Accounting

Derivatives Not Designated for Hedge Accounting

Old GM previously entered into a variety of foreign currency exchange, interest rate and commodity forward contracts and options to maintain a desired level of exposure arising from market risks resulting from changes in foreign currency exchange rates, interest rates and certain commodity prices.

In May 2009 Old GM reached agreements with certain of the counterparties to its derivative contracts to terminate the derivative contracts prior to stated maturity. Commodity, foreign currency exchange and interest rate forward contracts were settled for cash of $631 million, resulting in a loss of $537 million. The loss was recorded in Automotive sales and revenue, Automotive cost of sales and Automotive interest expense in the amounts of $22 million, $457 million and $58 million.

When an exposure economically hedged with a derivative contract was no longer forecasted to occur, in some cases a new derivative instrument was entered into to offset the exposure related to the existing derivative instrument. In some cases, counterparties were unwilling to enter into offsetting derivative instruments and, as such, there was exposure to future changes in the fair value of these derivatives with no underlying exposure to offset this risk. In the period January 1, 2009 through July 9, 2009, Old GM recorded gains of $91 million related to derivatives originally entered into to hedge exposures that subsequently became probable not to occur. These gains were recorded to Interest income and other non-operating income, net.

Gains (Losses) on Derivatives

The following table summarizes derivative gains (losses) recorded in earnings (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Foreign Currency	
Automotive sales	$ (688)
Automotive cost of sales	(211)
Interest income and other non-operating income, net	91
Interest Rate Swap	
Automotive interest expense	(38)
Commodity	
Automotive cost of sales	(332)
Warrants	
Interest income and other non-operating income, net	164
Net losses recorded in earnings	$(1,014)

In connection with the UST Loan Agreement, Old GM granted warrants to the UST for 122 million shares of its common stock exercisable at $3.57 per share. Old GM recorded the warrants as a liability and recorded gains and losses related to this derivative in Interest income and other non-operating income, net. In connection with the 363 Sale, the UST returned the warrants and they were canceled.

Cash Flow Hedges

Old GM previously designated certain financial instruments as cash flow hedges to manage its exposure to certain foreign currency exchange risks.

The following table summarizes financial statement classification and amounts of gains (losses) that were reclassified from Accumulated other comprehensive income (loss) into earnings related to effective cash flow hedging relationships (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Automotive sales	$(351)
Automotive cost of sales	19
Reorganization gains, net	247
Net losses reclassified from Accumulated other comprehensive income (loss)	$ (85)

The following table summarizes financial statement classification and amounts of gains (losses) that were reclassified from Accumulated other comprehensive income (loss) for cash flow hedges associated with previously forecasted transactions that subsequently became probable not to occur (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Automotive sales	$(182)
Reorganization gains, net	247
Net gains reclassified from Accumulated other comprehensive income (loss)	$ 65

Net Change in Accumulated Other Comprehensive Income (Loss)

The following table summarizes the net change in Accumulated other comprehensive income (loss) related to cash flow hedging activities (dollars in millions):

	Predecessor January 1, 2009 Through July 9, 2009
Beginning net unrealized loss on derivatives	$(490)
Reclassification to earnings	99
Ending net unrealized loss on derivatives	$(391)

In connection with our application of fresh-start reporting, the remaining previously deferred cash flow hedging gains and losses of $391 million in Accumulated other comprehensive income (loss) were adjusted to $0 at July 10, 2009.

Derivatives Not Meeting a Scope Exception from Fair Value Accounting

Old GM previously entered into purchase contracts that were accounted for as derivatives with changes in fair value recorded in Automotive cost of sales, as these contracts did not qualify for the normal purchases and normal sales scope exception in ASC 815. Certain of these contracts were terminated in the period January 1, 2009 through July 9, 2009. MLC retained the remainder of these purchase contracts in connection with the 363 Sale.

Note 20. Commitments and Contingencies

Consolidated

The following tables summarize information related to commitments and contingencies (dollars in millions):

	Successor			
	December 31, 2011		December 31, 2010	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating leases	$—	$ 26	$ 7	$ 59
Ally Financial commercial loans	$—	$ 24	$—	$ 17
Supplier commitments, third party commercial loans and other obligations	$ 7	$210	$—	$119
Other product-related claims	$53	$838	$50	$841

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

	Successor	
	December 31, 2011	December 31, 2010
	Liability Recorded	Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 123	$ 167
Deferred revenue (c)	$ 345	$ 408
Environmental liability (d)	$ 169	$ 195
Product liability	$ 514	$ 365
Other litigation-related liability and tax administrative matters (e)	$1,196	$1,471

(a) At December 31, 2011 and 2010 qualified cardholders had rebates available, net of deferred program revenue, of $2.3 billion and $2.8 billion.

(b) Recorded in Accrued liabilities.

(c) Recorded in Other liabilities and deferred income taxes. At December 31, 2011 and 2010 deferred revenue includes an unfavorable contract liability recorded in applying fresh-start reporting at July 10, 2009.

(d) Includes $34 million and $45 million recorded in Accrued liabilities at December 31, 2011 and 2010, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Consists primarily of indirect tax-related litigation as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2016 to 2035. Certain leases contain renewal options.

We provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third parties, such as dealers or rental car companies. These guarantees either expire in 2029 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third parties. Refer to Note 28 for additional information on guarantees that we provide to Ally Financial.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in years ranging from 2012 or are ongoing, or upon the occurrence of specific events.

In some instances, certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. At December 31, 2011 any proceeds we would receive from collateral were insignificant.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions pertaining to real property we owned. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Immaterial amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time, and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2026.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Recorded liabilities are not reduced for possible recoveries from insurance carriers or other parties. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2011 we estimate the remediation losses could range from $140 million to $310 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. Although punitive damages are claimed in some of these lawsuits, and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities.

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters arising out of alleged product defects; employment-related matters; governmental regulations relating to safety, emissions, and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as various non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance, and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow; such escrow deposits may range from $530 million to $730 million. Some of the matters may involve compensatory, punitive, or other treble damage claims, environmental remediation programs, or sanctions, that if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2011. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly, it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

Commencing on or about September 29, 2010, current and former hourly employees of GM Korea, our non-wholly owned consolidated subsidiary, filed six separate group actions in the Incheon District Court in Incheon, Korea. The cases allege that GM Korea failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. Although GM Korea intends to vigorously defend the claims asserted, at December 31, 2011 we have an accrual of 130 billion Korean Won (equivalent to $113 million) in connection with these cases. The current estimate of the value of plaintiffs' claims, if allowed in full, exceeds the accrual by 604 billion Korean Won (equivalent to $523 million) which represents the reasonably possible liability exposure. Both the scope of claims asserted and GM Korea's assessment of any or all of individual claim elements may change.

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009, in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" CAD $750 million, without explanation of any specific measure of damages. On March 1, 2011 the Court approved certification of a class for the purpose of deciding a number of specifically defined issues, including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). On June 22, 2011 the court granted GMCL permission to appeal the class certification decision. The current prospects for liability are uncertain, but because liability is not deemed probable, we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability, as the case presents a variety of different legal theories, none of which GMCL believes are valid.

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute $450 million to the New VEBA. The UAW alleges that we were contractually required to make this contribution. The reasonably possible loss as defined by ASC 450 "Contingencies" is $450 million, which is the amount claimed, but we believe that the claim is without merit and we have no accrual relating to this litigation. We filed a motion in the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court) asserting that the UAW's claim is barred by the Bankruptcy Court approved 2009 UAW Retiree Settlement Agreement and by other orders issued by the Bankruptcy Court that preclude additional GM contributions to the New VEBA. We also maintain that Delphi's bankruptcy plan of reorganization did not fulfill the applicable conditions of the relevant agreement and therefore payment would not be due even in the absence of the 2009 UAW Retiree Settlement Agreement. On August 23, 2011, the Bankruptcy Court issued an opinion abstaining from hearing the case, which will accordingly be litigated in Federal Court in U.S. District Court for the Eastern District of Michigan.

Liability Related to Contingently Issuable Shares

Under the Amended and Restated Master Sale and Purchase Agreement, as amended between us and Old GM and certain of its direct and indirect subsidiaries, we were obligated to issue additional shares of our common stock to MLC (Adjustment Shares) in the event that allowed general unsecured claims against MLC, as estimated by the Bankruptcy Court, exceed $35.0 billion. Following the dissolution of MLC on December 15, 2011, any Adjustment Shares we are obligated to issue will be issuable to the GUC Trust. The maximum number of Adjustment Shares issuable is 30 million shares (subject to adjustment to take into account stock dividends, stock splits and other transactions). The number of Adjustment Shares to be issued is calculated based on the extent to which estimated general unsecured claims exceed $35.0 billion with the maximum number of Adjustment Shares issued if estimated general unsecured claims total $42.0 billion or more. At December 31, 2011 and 2010 we concluded it was not probable that general unsecured claims would exceed $35.0 billion. We believe it is reasonably possible that general unsecured claims allowed against MLC will range between $32.5 billion and $36.0 billion.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives, we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement, we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $209 million and $193 million at December 31, 2011 and 2010 was pledged as collateral under the agreement. Through December 31, 2011 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

Asset Retirement Obligations

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development, or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses, and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties, such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2011 and 2010 accruals for asset retirement obligations were $99 million and $103 million.

Contract Cancellations

The following table summarizes contract cancellation charges primarily related to the cancellation of product programs (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
GMNA (a)	$38	$30	$80	$157
GME	8	3	—	12
GMIO	43	—	2	8
GMSA	4	—	—	—
Total contract cancellations	$93	$33	$82	$177

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having remaining terms in excess of one year, primarily for property (dollars in millions):

	2012	2013	2014	2015	2016	2017 and after
Minimum commitments (a)	$422	$325	$252	$207	$169	$ 682
Sublease income	(59)	(58)	(53)	(47)	(45)	(314)
Net minimum commitments	$363	$267	$199	$160	$124	$ 368

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

The following table summarizes our rental expense under operating leases (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Rental expense under operating leases	$556	$604	$255	$369

Delphi Corporation

Benefit Guarantee

In 1999, Old GM spun-off Delphi Automotive Systems Corporation, which became Delphi. Prior to the consummation of the DMDA, Delphi was our and Old GM's largest supplier of automotive systems, components and parts, and we and Old GM were Delphi's largest customer. From 2005 to 2008 Old GM's annual purchases from Delphi ranged from approximately $6.5 billion to approximately $10.2 billion. At the time of the spin-off, employees of Delphi Automotive Systems Corporation became employees of Delphi, and Old GM entered into the Delphi Benefit Guarantee Agreements (DBGA) with the UAW, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers – Communication Workers of America (IUE-CWA) and the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (USW) providing contingent benefit guarantees whereby, under certain conditions, Old GM would make payments for certain pension and OPEB benefits to certain former U.S. hourly employees that became employees of Delphi. The DBGA provided that in the event that Delphi or its successor companies ceased doing business, terminated its pension plan or ceased to provide credited service or OPEB benefits at certain levels due to financial distress, Old GM could be liable to provide the corresponding benefits at the required level. With respect to pension benefits, the guarantee arises only to the extent the pension benefits Delphi and the PBGC provided fall short of the guaranteed amount.

In October 2005 Old GM received notice from Delphi that it was more likely than not that Old GM would become obligated to provide benefits pursuant to the DBGA, in connection with Delphi's commencement in October 2005 of Chapter 11 proceedings under the U.S. Bankruptcy Code (Bankruptcy Code).

Delphi-GM Settlement Agreements

In September 2007 and as amended at various times through September 2008, Old GM and Delphi entered into the Delphi-GM Settlement Agreements intended to: (1) resolve outstanding issues between Delphi and Old GM that arose before Delphi's emergence from its Chapter 11 proceedings; (2) govern certain aspects of Old GM's ongoing commercial relationship with Delphi; and (3) address a limited transfer of pension assets and liabilities, and the triggering of the benefit guarantees on the basis set forth in term sheets to the Delphi-GM Settlement Agreements.

The Amended Delphi-GM Settlement Agreements included Old GM's commitments to reimburse Delphi for certain: (1) employee benefit related costs, including OPEB and pension cost; (2) employee termination related costs; (3) ongoing labor costs; and (4) production and other facilitation related costs. In addition, Old GM committed to transfers, subject to certain conditions, of net liabilities from the Delphi Hourly Rate Plan to Old GM's U.S. hourly pension plan.

In September 2008 the Bankruptcy Court entered an order in Delphi's Chapter 11 proceedings approving the Amended Delphi-GM Settlement Agreements which then became effective. As a result of the September 2008 implementation of the Delphi-GM Settlement Agreements Old GM paid $1.0 billion to Delphi in the period January 1, 2009 through July 9, 2009 in settlement of amounts accrued to date against Old GM commitments. We paid $288 million in 2009 prior to the consummation of the DMDA in settlement of amounts accrued to date against our commitments.

Upon consummation of the DMDA, we settled and terminated commitments with limited exceptions under the Delphi-GM Settlement Agreements, and we and Delphi waived all claims against each other under the Delphi-GM Settlement Agreements.

IUE-CWA and USW Settlement Agreement

In September 2009 we entered into a settlement agreement with MLC, the IUE-CWA and the USW that resolved the DBGA with these unions. The agreement was approved by the Bankruptcy Court in November 2009.

Delphi Master Disposition Agreement

In July 2009 we, Delphi and the PBGC negotiated an agreement to be effective upon consummation of the DMDA regarding the settlement of PBGC's claims from the termination of the Delphi pension plans and the release of certain liens with the PBGC against Delphi's foreign assets. In return, the PBGC received a payment of $70 million from us and was granted a 100% interest in Class C Membership Interests in New Delphi which provide for the PBGC to participate in predefined equity distributions. We maintain the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the DBGA.

In October 2009 we consummated the transaction contemplated by the DMDA with Delphi, New Delphi, Old GM and other sellers and other buyers that are party to the DMDA, as more fully described in Note 4. Upon consummation of the DMDA we settled our commitments to Delphi accrued to date except for the obligation to provide the difference between pension benefits paid by the PBGC according to regulation and those originally guaranteed by Old GM under the DBGA that we continue to maintain.

Delphi Charges

The following table summarizes charges that have been recorded with respect to the various agreements with Delphi (dollars in millions):

	Successor	Predecessor
	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Other automotive expenses, net	$ 8	$184
Automotive cost of sales	193	142
Reorganization gains, net	—	662
Total Delphi charges	$201	$988

These charges reflect the best estimate of obligations associated with the various Delphi agreements, including obligations under the DBGA, updated to reflect the DMDA. At July 9, 2009 these charges reflect the obligation to the PBGC upon consummation of the DMDA, consisting of the estimated fair value of the PBGC Class C Membership Interests in New Delphi of $317 million and the payment of $70 million due. Further, at July 9, 2009 these charges reflect an estimated value of $966 million pertaining to claims against Delphi that were waived upon consummation of the DMDA. The estimated value of the claims represents the excess after settlement of certain pre-existing commitments to Delphi of the fair value of Nexteer, the four domestic facilities and the investment in New Delphi over the cash consideration paid under the DMDA. Refer to Note 4 for additional information on the total consideration paid under the DMDA and the allocation of such consideration to the various units of account.

Note 21. Income Taxes

Consolidated

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. income (loss)	$2,883	$2,648	$(6,647)	$105,420
Non-U.S. income	3,102	3,089	1,364	2,356
Income (loss) before income taxes and equity income	$5,985	$5,737	$(5,283)	$107,776

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Current income tax expense (benefit)				
U.S. federal	$(134)	$ (10)	$ 7	$ (60)
Non-U.S.	275	441	421	(522)
U.S. state and local	58	(1)	(1)	16
Total current	199	430	427	(566)
Deferred income tax expense (benefit)				
U.S. federal	8	(25)	(1,204)	110
Non-U.S.	(289)	259	(52)	(716)
U.S. state and local	(28)	8	(171)	6
Total deferred	(309)	242	(1,427)	(600)
Total income tax expense (benefit)	$(110)	$672	$(1,000)	$(1,166)

Annual tax provisions include amounts considered sufficient to pay assessments that may result from examination of prior year tax returns.

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our and Old GM's share of basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of $6.2 billion and $6.9 billion at December 31, 2011 and 2010. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested earnings is not practicable.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Tax at U.S. federal statutory income tax rate	$ 2,094	$ 2,008	$(1,849)	$ 37,721
State and local tax expense	215	334	(559)	(260)
Foreign income taxed at other than 35%	243	1,579	64	(119)
Taxes on unremitted earnings of subsidiaries	(537)	(10)	(151)	(12)
Change in valuation allowance	(2,386)	(2,903)	1,338	6,609
Change in tax laws	(33)	—	163	1
Research and development incentives	(45)	(235)	(14)	(113)
Gain on sale of Delphi equity interests	599	—	—	—
Goodwill impairment	377	—	—	—
Settlements of prior year tax matters	(56)	(170)	—	—
VEBA contribution	(476)	—	(328)	—
Non-taxable reorganization gain	—	—	—	(45,564)
Foreign currency remeasurement	59	143	340	207
Pension contribution	(127)	—	—	—
Other adjustments	(37)	(74)	(4)	364
Total income tax expense (benefit)	$ (110)	$ 672	$(1,000)	$ (1,166)

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2011 and 2010 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,672	$ 3,884
Pension and other employee benefit plans	8,357	7,127
Warranties, dealer and customer allowances, claims and discounts	4,015	4,276
Property, plants and equipment	1,547	2,275
Capitalized research expenditures	5,152	5,033
Tax carryforwards	21,199	20,109
Miscellaneous U.S.	3,017	2,387
Miscellaneous non-U.S.	243	357
Total deferred tax assets before valuation allowances	47,202	45,448
Less: valuation allowances	(45,191)	(42,979)
Net deferred tax assets	2,011	2,469
Deferred tax liabilities		
Intangible assets	1,933	2,609
Total deferred tax liabilities	1,933	2,609
Net deferred tax assets (liabilities)	$ 78	$ (140)

The following table summarizes deferred tax assets (liabilities) (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Current deferred tax assets	$ 525	$ 782
Current deferred tax liabilities	(48)	(23)
Non-current deferred tax assets	514	308
Non-current deferred tax liabilities	(913)	(1,207)
Net deferred tax assets (liabilities)	$ 78	$ (140)

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2011 (dollars in millions):

	Successor	
	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2012-2030	$11,220
Non-U.S. loss and tax credit carryforwards	Indefinite	1,058
Non-U.S. loss and tax credit carryforwards	2012-2031	4,118
U.S. alternative minimum tax credit	Indefinite	669
U.S. general business credits (a)	2017-2031	1,908
U.S. foreign tax credits	2012-2021	2,226
Total loss and tax credit carryforwards		$21,199

(a) The general business credits are principally composed of research and experimentation credits.

Valuation Allowances

The valuation allowances recognized relate to certain net deferred tax assets in U.S. and non-U.S. jurisdictions. The following table summarizes the change in the valuation allowance (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$42,979	$45,281	$42,666	$ 59,777
Additions (Reversals)				
U.S.	2,411	(2,196)	2,226	(14,474)
Canada	(158)	63	405	(802)
Germany	1	(139)	67	(792)
Spain	463	378	(40)	(200)
Brazil	(1)	1	1	(442)
South Korea	27	(121)	(221)	321
Australia	(498)	(39)	7	190
U.K.	141	(121)	109	62
Sweden	6	(58)	33	(1,057)
Other	(180)	(70)	28	83
Ending balance	$45,191	$42,979	$45,281	$ 42,666

In July 2009 Old GM recorded adjustments resulting in a net decrease in valuation allowances of $20.7 billion as a result of the 363 Sale and fresh-start reporting. The net decrease primarily resulted from U.S. federal and state tax attribute reduction of $12.2 billion related to debt cancellation income, a net difference of $5.5 billion between fresh-start reporting and historical U.S. GAAP bases of assets and liabilities at entities with valuation allowances, net valuation allowances of $1.7 billion associated with assets and liabilities retained by MLC, a foreign tax attribute reduction of $0.9 billion and release of valuation allowances of $0.7 billion. In the year ended December 31, 2011 we recorded an adjustment to the debt cancellation income that resulted from the 363 Sale. The adjustment resulted in a $2.1 billion increase in valuation allowances related to U.S. Federal and state tax attributes.

We and Old GM established or released the following significant valuation allowances as a result of a change in our evaluation of deferred tax asset realizability (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Established (released) by jurisdiction				
Brazil	$ —	$—	$—	$(465)
Various non-U.S.	$ —	$—	$—	$(286)
Australia	$(502)	$—	$—	$ —

Old GM accumulated pre-tax losses in the U.S. and various non-U.S. jurisdictions. These historical pre-tax losses were driven by several factors including but not limited to instability of the global economic environment, automotive price competition, relatively high cost structure, unfavorable commodity prices, unfavorable regulatory and tax environments and a challenging foreign currency exchange environment. By December 31, 2008, after weighing this objective and verifiable negative evidence with all other available positive and negative evidence, Old GM determined it was more likely than not it would not realize its deferred tax assets, and established valuation allowances for major jurisdictions including the U.S., Canada, Brazil, Australia, South Korea, Germany, Spain and the United Kingdom. Additional concerns arose related to the U.S. parent company's liquidity which led us to establish valuation allowances for Texas and various non-U.S. jurisdictions, even though many of these jurisdictions had historical profits and no other significant negative evidence factors.

In 2009 the U.S. parent company liquidity concerns were resolved in connection with the Chapter 11 Proceedings and the 363 Sale, and many non-U.S. jurisdictions, including Brazil, were generating and projecting taxable income. To the extent there were no other significant negative evidence factors, Old GM determined it was more likely than not it would realize its deferred tax assets and reversed valuation allowances in Brazil and various non-U.S. jurisdictions.

Although we have a short history as a new company, and our ability to achieve future profitability was enhanced by the cost and liability reductions that occurred as a result of the Chapter 11 Proceedings and 363 Sale, Old GM's historic operating results remain relevant as they are reflective of the industry and the effect of economic conditions. The fundamental businesses and inherent risks in which we globally operate did not change from those in which Old GM operated. As such, subsequent to the Chapter 11 Proceedings and the 363 Sale, due primarily to historical pre-tax losses, at December 31, 2011 we determined it was still more likely than not the deferred tax assets would not be realized in major jurisdictions including the U.S., Canada, South Korea, Germany, Spain and the United Kingdom. If additional positive evidence becomes available our conclusion regarding the need for full valuation allowances in these jurisdictions could change, resulting in the reversal of some or all of the valuation allowances.

At December 31, 2011 we determined in Australia it was more likely than not we would realize deferred tax assets in the future due primarily to sustained profitability and projected taxable income in an unlimited carryforward jurisdiction; accordingly, we reversed the valuation allowance in this jurisdiction.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Gross unrecognized tax benefits before valuation allowances	$2,370	$5,169
Amount of unrecognized tax benefit that would favorably affect effective tax rate in future	$ 326	$ 785
Amount of liability for uncertain tax positions benefits netted against deferred tax assets in the same jurisdiction (a)	$1,285	$3,605

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Beginning balance	$ 5,169	$5,410	$4,096	$2,803
Additions to current year tax positions	129	195	1,454	1,493
Additions to prior years' tax positions	562	803	22	594
Reductions to current year tax positions	—	—	(44)	(25)
Reductions to prior years' tax positions	(1,002)	(475)	(128)	(626)
Reductions in tax positions due to lapse of statutory limitations	(64)	(18)	—	(281)
Settlements	(2,399)	(761)	(111)	(16)
Other	(25)	15	121	154
Ending balance	$ 2,370	$5,169	$5,410	$4,096

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest income	$ 7	$13	$—	$249
Interest expense (benefit) (a)	$(113)	$20	$30	$ (31)
Penalties (a)	$ (25)	$ 1	$—	$ 30

(a) The interest and penalty benefit for the year ended December 31, 2011 is due primarily to remeasurements, settlements and statute expirations.

	Successor	
	December 31, 2011	December 31, 2010
Accrued interest payable	$103	$250
Accrued penalties	$ 89	$119

Other Matters

Most of the tax attributes generated by Old GM and its domestic and foreign subsidiaries (net operating loss carryforwards and various income tax credits) survived the Chapter 11 Proceedings, and we are using or expect to use the tax attributes to reduce future tax liabilities. The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382 of the Internal Revenue Code. On November 1, 2010 we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany. In Australia, we have net operating loss carryforwards which are subject to meeting a "Same Business Test" requirement that we assess on a quarterly basis.

In the U.S., we have continuing responsibility for Old GM's open tax years. Old GM's federal income tax returns for 2007 and 2008 were audited by the Internal Revenue Service and the review was substantially concluded in the year ended December 31, 2011. Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2002 to 2011 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations, there is a risk that transfer pricing disputes may arise.

In May 2009 the U.S. and Canadian governments resolved a transfer pricing matter for Old GM which covered the tax years 2001 through 2007. In the three months ended June 30, 2009 this resolution resulted in a tax benefit of $692 million and interest of $229 million. Final administrative processing of the Canadian case closing occurred in late 2009, and final administrative processing of the U.S. case closing occurred in February 2010.

In June 2010 a Mexican income tax audit covering the 2002 and 2003 tax years was concluded and an assessment of $146 million including tax, interest and penalties was issued. We believe we have adequate reserves established. Collection of any assessment will be suspended until a revised assessment is issued and during any subsequent proceedings through U.S. and Mexican competent authorities. We expect a revised assessment to be issued no earlier than March 2012.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010 this resolution resulted in a tax benefit of $140 million including interest.

In June 2011 we settled a Brazilian income tax matter for $241 million that was reserved and disclosed in a prior period.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which have full valuation allowances. The resolution of these matters resulted in a $2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

At December 31, 2011 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 22. Restructuring and Other Initiatives

Automotive

We have and Old GM had previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following table summarizes the reserves related to restructuring and other initiatives (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

GM

	Successor				
	GMNA	GME	GMIO	GMSA	Total
Balance at July 10, 2009	$2,905	$ 433	$ 32	$ 16	$ 3,386
Additions	44	37	76	9	166
Interest accretion and other	15	35	—	—	50
Payments	(994)	(61)	(109)	(19)	(1,183)
Revisions to estimates	30	—	1	(3)	28
Effect of foreign currency	88	7	3	1	99
Balance at December 31, 2009 (a)	2,088	451	3	4	2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	1,135	664	3	—	1,802
Additions	82	344	—	80	506
Interest accretion and other	22	105	—	1	128
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011 (a)	$ 884	$ 687	$ 1	$ 12	$ 1,584

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits for GMNA, primarily relate to postemployment benefits to be paid.

Year Ended December 31, 2011

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

Our labor agreement includes cash severance incentive programs which may range up to $100 million through March 31, 2012 for skilled trade U.S. hourly employees that will be included in our restructuring liability upon irrevocable acceptances by both parties.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility. We expect to incur an additional $100 million to complete these programs, which will affect an additional 500 employees. To the extent these programs involve voluntary separations, no liabilities are recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is recorded at the communication date.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of $74 million. Liabilities were recorded as offers to the employees were irrevocably accepted.

Year Ended December 31, 2010

GMNA recorded charges, interest accretion and other, and revisions to estimates primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affected 2,600 employees.
- Separation charges of $63 million related to separation/layoff plans and an early retirement plan in Spain which ultimately affected 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program in Germany.

Period July 10, 2009 through December 31, 2009

GMNA recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following:

- The restructuring reserves were increased by $213 million due to an increase in the SUB and TSP accrual of $183 million related to capacity actions, productivity initiatives, acquisition of Nexteer and four domestic facilities and Canadian restructuring activities of $30 million.
- The salaried and hourly workforce severance accruals were reduced by $146 million as a result of elections subsequently made by terminating employees. Such amounts were reclassified as special termination benefits and were funded from the U.S. defined benefit pension plans and other applicable retirement benefit plans.

GME recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges of $72 million for restructuring programs in Australia for salaried and hourly employees.

Old GM

The following table summarizes the reserves related to restructuring and other initiatives (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	Predecessor				
	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2009	$ 2,456	$468	$ 45	$ 13	$ 2,982
Additions	1,835	20	27	38	1,920
Interest accretion and other	16	11	—	—	27
Payments	(1,014)	(65)	(43)	(48)	(1,170)
Revisions to estimates	(401)	—	—	9	(392)
Effect of foreign currency	50	(1)	3	4	56
Balance at July 9, 2009	2,942	433	32	16	3,423
Effect of application of fresh-start reporting	(37)	—	—	—	(37)
Ending balance including effect of application of fresh-start reporting (a)	$ 2,905	$433	$ 32	$ 16	$ 3,386

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits for GMNA, primarily relate to postemployment benefits to be paid.

GMNA recorded charges, interest accretion and other, and revisions to estimates for separation programs related to the following initiatives:

- Postemployment benefit charges in the U.S. of $825 million related to 13,000 hourly employees who participated in the 2009 special attrition programs.

- SUB and TSP related charges in the U.S. of $707 million, recorded as an additional liability determined by an actuarial analysis at the implementation of the SUB and TSP and related suspension of the JOBS Program.

- Revisions to estimates of $401 million to decrease the reserve, primarily related to $335 million for the suspension of the JOBS Program and $141 million for estimated future wages and benefits due to employees who participated in the 2009 special attrition programs; offset by a net increase of $86 million related to Canadian salaried workforce reductions and other restructuring initiatives in Canada.

- Separation charges of $250 million for a U.S. salaried severance program to allow 6,000 terminated employees to receive ongoing wages and benefits for up to 12 months.

- Postemployment benefit charges in Canada of $38 million related to 380 hourly employees who participated in a special attrition program.

GME recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges for early retirement programs and additional liability adjustments, primarily in Germany.

GMIO recorded charges, interest accretion and other, and revisions to estimates primarily related to separation charges in Australia of $19 million related to a facility idling. The program affects employees who left through December 2009.

GMSA recorded charges, interest accretion and other, and revisions to estimates related to voluntary and involuntary separation programs in South America affecting 3,300 salaried and hourly employees.

Dealer Wind-downs

GM and Old GM

We market vehicles worldwide through a network of independent retail dealers and distributors. We determined that a reduction in the number of GMNA dealerships was necessary.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements (dollars in millions):

	Successor			Predecessor
	December 31, 2011	December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Balance at beginning of period	$ 144	$ 501	$ 516	$ —
Additions and revisions to estimates	(8)	7	275	518
Payments	(111)	(366)	(285)	(2)
Transfer to legal reserve	—	—	(17)	—
Effect of foreign currency	—	2	12	—
Balance at end of period	$ 25	$ 144	$ 501	$516

Note 23. Other Automotive Expenses, net

The following table summarizes the components of Other automotive expenses, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Operating and other expenses (income)	$56	$ (7)	$(35)	$ 22
Expenses related to Saab deconsolidation, net (Note 4)	—	—	(60)	824
Saab impairment charges	—	—	—	88
Delphi related charges (Note 20)	—	—	8	184
Depreciation and amortization expense	2	125	89	101
Interest expense	—	—	13	16
Total other automotive expenses, net	$58	$118	$ 15	$1,235

Interest expense and depreciation and amortization expense recorded in Other automotive expenses, net relates to a portfolio of automotive retail leases.

Note 24. Interest Income and Other Non-Operating Income, net

Automotive

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Interest income	$455	$ 465	$ 184	$183
Net gains on derivatives	41	68	278	—
Rental income	149	164	88	100
Dividends and royalties	153	213	105	145
Other (a)	53	621	(280)	424
Total interest income and other non-operating income, net	$851	$1,531	$ 375	$852

(a) Amounts in the year ended December 31, 2011 include impairment charges related to the cost method investment in Ally Financial of $555 million, a gain on the sale of Ally Financial preferred shares of $339 million, and recognition of deferred income from technology agreements with SGMW of $113 million. Amounts in the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable Adjustment Shares of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million. Amounts in the period July 10, 2009 through December 31, 2009 include impairment charges related to Ally Financial common stock of $270 million.

Note 25. Stockholders' Equity and Noncontrolling Interests

Consolidated

Preferred Stock

The following table summarizes significant features relating to our preferred stock (dollars in millions, except for per share amounts):

			Successor		
			Dividends Paid		
	Liquidation Preference Per Share	Dividend Rate Per Annum	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009
Series A Preferred Stock	$25.00	9.00%	$621	$810	$349
Series B Preferred Stock	$50.00	4.75%	$243	$ —	

Series A Preferred Stock

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution, or winding up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A

Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A Preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $0.7 billion recorded in Cumulative dividends on and charge related to purchase of preferred stock.

Series B Preferred Stock

The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; and (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock.

Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 into shares of our common stock. The number of shares of our common stock issuable upon mandatory conversion of each share of Series B Preferred Stock, is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a range of $33.00-$39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the liquidation preference plus accumulated dividends. If the applicable market value is not within this range, there is a fixed conversion ratio equaling 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60, and 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stockholder's interest. These anti-dilution provisions provide a holder of the Series B Preferred Stock a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required when the applicable market value of our common stock is below $33.00 or above $39.60 per share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our financial statements. The calculation of the applicable market value at the date of our financial statements will apply to the full year, irrespective of the applicable market value computed during the prior quarters of the current year. Refer to Note 26 for a description of the effect of the two-class method on earnings per share.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock, unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding. In the year ended December 31, 2011 we issued 61 million shares of common stock to the U.S. hourly and salaried pension plans, four million shares for exercised warrants, and 500 thousand shares for the settlement of salary and other restricted stock awards. In the year ended December 31, 2010 we issued 100 thousand shares of restricted common stock.

Warrants

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have been substantially distributed to creditors of Old GM by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. In April 2011 MLC began distribution of its warrants for our common stock to its unsecured creditors. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The New VEBA warrants are exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The outstanding balance of warrants at December 31, 2011 and 2010 is 313 million and 318 million.

Noncontrolling Interests

In October 2009 we completed our participation in an equity rights offering in GM Korea for $417 million. As a result of the participation in the equity rights offering our ownership interest in GM Korea increased from 50.9% to 70.1%. In March 2011 we completed the acquisition of an additional 6.9% in GM Korea. After completing this transaction we now own 77.0% of the outstanding shares.

In December 2009 we acquired the remaining noncontrolling interest of a joint venture for $100 million increasing our ownership interest from 50% to 100%. This transaction resulted in no charge to Capital surplus.

The table below summarizes the changes in equity resulting from Net income (loss) attributable to common stockholders and transfers from (to) noncontrolling interests changes (dollars in millions):

	Successor	
	For The Year Ended December 31, 2011	July 10, 2009 Through December 31, 2009
Net income (loss) attributable to common stockholders	$7,585	$(4,428)
Increase in capital surplus resulting from GM Korea equity rights offering	—	108
Increase in capital surplus resulting from acquisition of additional interest in GM Korea	41	—
Changes from net income (loss) attributable to common stockholders and transfers from (to) noncontrolling interests	$7,626	$(4,320)

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Successor		
	December 31, 2011	December 31, 2010	December 31, 2009
Foreign currency translation gain	$ 215	$ 394	$ 157
Cash flow hedging gains (losses), net	2	(23)	(1)
Net unrealized gain (loss) on securities	(4)	(5)	2
Defined benefit plans, net	(6,074)	885	1,430
Accumulated other comprehensive income (loss)	$(5,861)	$1,251	$1,588

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Successor					
	Year Ended December 31, 2011			Year Ended December 31, 2010		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain (loss)	$ (186)	$ —	$ (186)	$ 210	$—	$ 210
Cash flow hedging gain (losses), net	15	—	15	(22)	—	(22)
Unrealized gain (loss) on securities	1	—	1	(7)	—	(7)
Defined benefit plans						
Prior service benefit from plan amendments	302	1	301	7	1	6
Less: amortization of prior service cost included in net periodic benefit cost	(52)	—	(52)	(12)	—	(12)
Net prior service benefit (cost)	250	1	249	(5)	1	(6)
Actuarial gain (loss) from plan measurements	(7,578)	(10)	(7,568)	(530)	34	(564)
Less: amortization of actuarial loss included in net periodic benefit cost (a)	421	5	416	25	—	25
Net actuarial amounts	(7,157)	(5)	(7,152)	(505)	34	(539)
Defined benefit plans, net	(6,907)	(4)	(6,903)	(510)	35	(545)
Sale of interest in nonconsolidated affiliate	(42)	—	(42)	—	—	—
Other comprehensive income (loss)	(7,119)	(4)	(7,115)	(329)	35	(364)
Less: other comprehensive loss attributable to noncontrolling interests	(10)	—	(10)	(13)	—	(13)
Other comprehensive income (loss) attributable to common stockholders	$(7,109)	$ (4)	$(7,105)	$(316)	$35	$(351)

(a) Includes the Canadian healthcare trust settlement. Refer to Note 18.

	Successor			Predecessor		
	July 10, 2009 Through December 31, 2009			January 1, 2009 Through July 9, 2009		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation gain	$ 135	$ 11	$ 124	$ 187	$ 40	$ 147
Cash flow hedging gains (losses), net	(1)	—	(1)	145	(131)	276
Unrealized gain on securities	7	5	2	46	—	46
Defined benefit plans						
Prior service benefit (cost) from plan amendments	112	130	(18)	(3,882)	(1,551)	(2,331)
Less: amortization of prior service cost included in net periodic benefit cost	—	—	—	5,162	3	5,159
Net prior service benefit (cost)	112	130	(18)	1,280	(1,548)	2,828
Actuarial loss from plan measurements	2,702	1,247	1,455	(2,574)	1,532	(4,106)
Less: amortization of actuarial loss included in net periodic benefit cost	(6)	1	(7)	(2,109)	22	(2,131)
Net actuarial amounts	2,696	1,248	1,448	(4,683)	1,554	(6,237)
Net transition assets from plan initiations	—	—	—	6	1	5
Less: amortization of transition asset/obligation included in net periodic benefit cost	—	—	—	(5)	(1)	(4)
Net transition amounts	—	—	—	1	—	1
Defined benefit plans, net	2,808	1,378	1,430	(3,402)	6	(3,408)
Other comprehensive income (loss)	2,949	1,394	1,555	(3,024)	(85)	(2,939)
Less: other comprehensive income (loss) attributable to noncontrolling interests	(33)	—	(33)	92	—	92
Other comprehensive income (loss) attributable to common stockholders	$2,982	$1,394	$1,588	$(3,116)	$ (85)	$(3,031)

Note 26. Earnings (Loss) Per Share

In the year ended December 31, 2011 we were required to use the two-class method for calculating earnings per share, as further discussed below, as the applicable market value of our common stock was below $33.00 per common share in the period ended December 31, 2011.

Basic and diluted earnings (loss) per share are computed by dividing Net income (loss) attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings (loss) per share is computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and dilutive earnings (loss) per share (in millions, except for per share amounts):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Basic earnings (loss) per share				
Net income (loss) attributable to stockholders (a)	$9,190	$6,172	$(4,297)	$109,118
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (b)	1,605	1,504	131	—
Net income (loss) attributable to common stockholders	$7,585	$4,668	$(4,428)	$109,118
Weighted-average common shares outstanding — basic	1,536	1,500	1,238	611
Basic earnings (loss) per share	$ 4.94	$ 3.11	$ (3.58)	$ 178.63
Diluted earnings (loss) per share				
Net income (loss) attributable to stockholders (a)	$9,190	$6,172	$(4,297)	$109,118
Add: preferred dividends to holders of Series B Preferred Stock	—	25	—	—
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (c)	1,552	1,504	131	—
Net income (loss) attributable to common stockholders	$7,638	$4,693	$(4,428)	$109,118
Weighted-average shares outstanding — diluted				
Weighted-average common shares outstanding — basic	1,536	1,500	1,238	611
Dilutive effect of warrants	130	106	—	—
Dilutive effect of conversion of Series B Preferred Stock	—	17	—	—
Dilutive effect of restricted stock units (RSUs)	2	1	—	—
Weighted-average common shares outstanding — diluted	1,668	1,624	1,238	611
Diluted earnings (loss) per share	$ 4.58	$ 2.89	$ (3.58)	$ 178.55

(a) Includes earned but undeclared dividends of $26 million, $26 million and $34 million on our Series A Preferred Stock and $20 million, $25 million and $0 on our Series B Preferred Stock in the years ended December 31, 2011 and 2010 and in the period July 10, 2009 through December 31, 2009.

(b) Includes cumulative dividends on preferred stock of $859 million and earnings of $746 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010; and cumulative dividends on preferred stock of $131 million in the period July 10, 2009 through December 31, 2009, which excludes dividends of $252 million which were paid to the New VEBA prior to December 31, 2009, as these shares were not considered outstanding until December 31, 2009 due to the terms of the 2009 UAW Retiree Settlement Agreement. Payments made to the New VEBA were recorded as employer contributions and included in Net income (loss) attributable to stockholders.

(c) Includes cumulative dividends on preferred stock of $859 million and earnings of $693 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010; and cumulative dividends on preferred stock of $131 million in the period July 10, 2009 through December 31, 2009.

GM

Year Ended December 31, 2011

We applied the two-class method to calculate basic earnings per share and the more dilutive of the two-class or the if-converted method to calculate diluted earnings per share. Under the two-class method for computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. Variability may result in our calculation of earnings per share from period to period depending on whether the application of the two-class method is required. Refer to Note 25 for a description of the Series B Preferred Stock and the application of the two-class method.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share.

MLC distributed all of its 272 million warrants for our common stock to its unsecured creditors and the GUC Trust. The warrant holders may exercise the warrants at any time prior to their respective expiration dates. Upon exercise of the warrants the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share.

Warrants to purchase 313 million shares of our common stock were outstanding at December 31, 2011, of which 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining warrants resulted in 130 million dilutive shares.

Diluted earnings per share included the effect of 13 million unvested RSUs granted to certain global executives. The Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

In July 2011 the 61 million shares of common stock contributed to our pension plans in January 2011 met the criteria to qualify as plan assets for accounting purposes. These shares were considered outstanding for earnings per share purposes beginning in July 2011.

Year Ended December 31, 2010

Warrants to purchase 318 million shares of our common stock were outstanding, of which 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of our common stock. Under the treasury stock method, the assumed exercise of warrants to purchase the remaining warrants resulted in 106 million dilutive shares.

Diluted earnings per share included the effect of 11 million unvested RSUs granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date. The Adjustment Shares were excluded from the computation of basic and diluted earnings per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

Period July 10, 2009 through December 31, 2009

Outstanding warrants to purchase 272 million shares of common stock were not included in the computation of diluted loss per share because the effect would have been antidilutive and 1 million RSUs were excluded from the computation of diluted loss per share as these awards were payable in cash during that time. The Adjustment Shares were excluded from the computation of basic and diluted loss per share as the condition that would result in the issuance of the Adjustment Shares was not satisfied.

Old GM

Period January 1, 2009 through July 9, 2009

Diluted earnings per share included the potential effect of the assumed exercise of certain stock options. Old GM excluded 208 million stock options and warrants in the computation of diluted earnings per share because the exercise price was greater than the average market price of the common shares. No shares potentially issuable to satisfy the in-the-money amount of Old GM's convertible debentures were included in the computation of diluted earnings per share as the conversion options in various series of convertible debentures were not in the money.

Note 27. Stock Incentive Plans

Consolidated

GM

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan as amended December 22, 2010 (2009 GMLTIP) and the Salary Stock Plan as amended October 5, 2010 (GMSSP). Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these amended plans shall not exceed 75 million.

Long-Term Incentive Plan

We granted 5 million and 15 million RSUs valued at the grant date fair value of our common stock in the years ended December 31, 2011 and 2010 and no RSUs in the period July 10, 2009 through December 31, 2009. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. We have elected to record compensation cost for these awards on a straight-line basis over the entire vesting period. Our policy is to issue new shares upon settlement of RSUs.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our Troubled Asset Relief Program (TARP) obligations that are repaid. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2010 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments in conjunction with each 25% of our TARP obligations that are repaid. The awards for the non-top 25 highest compensated employees will settle after three years in 25% increments in conjunction with each 25% of the U.S. and Canadian government loans that are repaid. The U.S. and Canadian government loans were fully repaid in April 2010, thus these awards will be settled upon completion of the remaining three year service period.

Retirement eligible participants that are non-Top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the settlement date. Compensation cost for these employees is recognized on a straight-line basis over the requisite service period.

Salary Stock

In November 2009 we initiated a salary stock program whereby a portion of each participant's total annual compensation was accrued and converted to RSUs at each salary payment date. In the years ended December 31, 2011 and 2010 a portion of each participant's salary accrued on each salary payment date converted to RSUs on a quarterly basis. The awards are fully vested and nonforfeitable upon grant therefore compensation cost is fully recognized on the date of grant. The awards are settled quarterly over a three year period commencing on the first anniversary date of grant. Our policy is to issue new shares upon settlement of these awards.

RSUs

Prior to our public offering, all RSU awards were classified as liability awards as they were payable in cash. In November 2010 we reclassified all of the RSU liability awards to equity for those awards that became payable in shares in accordance with the plan terms.

The following table summarizes information about our RSUs under the 2009 GMLTIP and GMSSP (RSUs in millions):

	Successor		
	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at December 31, 2010	17.2	$19.03	1.8
Granted	7.6	$31.18	
Settled	(1.2)	$18.85	
Forfeited or expired	(1.1)	$22.01	
RSUs outstanding at December 31, 2011	22.5	$23.01	1.1
RSUs unvested and expected to vest at December 31, 2011	14.0	$23.47	1.5
RSUs vested and payable at December 31, 2011	8.1	$22.07	—
RSUs granted in the year ended December 31, 2010		$19.17	
RSUs granted in the period July 10, 2009 through December 31, 2009		$16.39	

We recorded compensation expense of $233 million, $235 million and $23 million for our stock incentive plans in the years ended December 31, 2011 and 2010 and in the period July 10, 2009 through December 31, 2009. The compensation cost of each RSU granted under the 2009 GMLTIP and GMSSP that will be settled in equity is based on the fair value of our common stock on the date of grant or, for those RSUs reclassified from liability to equity-based awards, the fair value of our common stock as of the date of the public offering.

At December 31, 2011 the total unrecognized compensation expense for nonvested equity awards granted under the 2009 GMLTIP was $263 million. This expense is expected to be recorded over a weighted-average period of 1.5 years.

The total fair value of RSUs vested was $105 million, $78 million and $19 million in the years ended December 31, 2011 and 2010 and in the period July 10, 2009 through December 31, 2009.

Old GM

Old GM had various stock incentive plans which were administered by either its Executive Compensation Committee of its Board of Directors or its Vice President of Human Resources. Stock incentive awards consisted of stock options, market-contingent stock options, stock performance awards and cash-based RSUs. Stock incentive awards, some of which were subject to performance conditions, were granted at fair value and were subject to various vesting conditions. In connection with the 363 Sale, MLC retained the responsibility for administering Old GM's stock incentive plans. We have recorded no compensation expense related to Old GM's stock incentive plans subsequent to July 9, 2009.

Note 28. Transactions with Ally Financial

Automotive

The following tables summarize the financial statement effects of and maximum obligations under agreements with Ally Financial (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Residual support (a)		
Liabilities (receivables) recorded	$ (6)	$ (24)
Maximum obligation	$ 40	$ 523
Risk sharing (a)		
Liabilities recorded	$ 66	$ 269
Maximum obligation	$ 88	$ 692
Vehicle repurchase obligations (b)		
Maximum obligations	$19,779	$18,807
Fair value of guarantee	$ 17	$ 21

(a) Represents liabilities (receivables) recorded and maximum obligations for agreements entered into prior to December 31, 2008. Agreements entered into after December 31, 2008 have not included residual support or risk sharing programs. In the years ended December 31, 2011 and 2010 favorable adjustments to our residual support and risk sharing liabilities of $0.5 billion and $0.6 billion were recorded in the U.S. due to increases in estimated residual values.

(b) The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold.

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
U.S. marketing incentives and operating lease residual payments	$1,428	$1,111	$695	$601
Exclusivity fee income	$ 76	$ 99	$ 47	$ 52

Marketing Incentives and Operating Lease Residuals

Under an interest rate support program, we pay an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. The amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. We reimburse Ally Financial to the extent sales proceeds are less than the customer's contract residual value, limited to Ally Financial's standard residual value. The residual support amount owed is calculated at contract termination and, in cases where the amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent remarketing proceeds are below Ally Financial's standard residual value (limited to a floor).

Under a capitalized cost reduction program, we pay an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. Ally Financial waives the customer's remaining payment obligation under their current lease and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit.

Exclusivity Arrangements

We have entered into exclusivity agreements with Ally Financial whereby: (1) for a two-year period, retail financing incentive programs can be offered through a third party financing source under certain specified circumstances, and after such two-year period beginning in January 2011 any such incentive programs can be offered on a graduated basis through third parties on a non-exclusive basis, or if Ally Financial matches the rates offered by such third party on a side-by-side basis with Ally Financial; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 24, 2013 we will have the right to offer retail financing incentive programs through any third party financing source, including Ally Financial, without any restrictions or limitations.

Contractual Exposure Limit

We have an agreement with Ally Financial that limits certain unsecured obligations arising from service agreements to Ally Financial to $1.5 billion and limits the sum of maximum unsecured exposure and maximum secured exposure to the greater of $3.0 billion or 15% of Ally Financial's capital from and after December 30, 2010.

Vehicle Repurchase Obligations

Our agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ends in August 2012 for vehicles invoiced through August 2011 and ends in August 2013 for vehicles invoiced through August 2012.

The maximum potential amount of future payments under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	Successor	
	December 31, 2011	December 31, 2010
Assets		
Accounts and notes receivable, net (a)	$ 243	$ 290
Other assets (b)		$ 26
Liabilities		
Accounts payable (c)	$ 59	$ 168
Short-term debt and current portion of long-term debt (d)	$1,068	$1,043
Accrued liabilities and other liabilities (e)	$ 650	$1,167
Long-term debt (f)	$ 8	$ 43
Other non-current liabilities (g)	$ 35	$ 84

(a) Represents wholesale settlements due from Ally Financial and receivables for exclusivity fees and royalties.

(b) Represents distributions due from Ally Financial on our investments in Ally Financial preferred stock.

(c) Represents amounts billed to us and payable related to incentive programs.

(d) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest.

(e) Represents accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial in North America. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and amounts owed under lease pull-ahead programs.

(f) Represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(g) Represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Total net sales and revenue (decrease) (a)	$(1,468)	$(1,383)	$(259)	$207
Automotive cost of sales and other automotive expenses (b)	$ 16	$ 36	$ 113	$180
Interest income and other non-operating income, net (c)	$ 126	$ 228	$ 127	$166
Automotive interest expense (d)	$ 63	$ 243	$ 121	$100

(a) Represents marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and costs under lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third party resale purposes.

(b) Represents cost of sales on the sale of vehicles to Ally Financial for employee and governmental lease programs and third party resale purposes.

(c) Represents income on investments in Ally Financial preferred stock (through March 31, 2011), exclusivity and royalty fee income. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(d) Represents interest incurred on notes payable and wholesale settlements.

Note 29. Supplementary Quarterly Financial Information (Unaudited)

Consolidated

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2011				
Total net sales and revenue	$36,194	$39,373	$36,719	$37,990
Automotive gross margin	$ 4,214	$ 5,250	$ 4,594	$ 4,422
Net income	$ 3,411	$ 3,037	$ 2,092	$ 747
Net income attributable to stockholders	$ 3,366	$ 2,992	$ 2,107	$ 725
Earnings per share, basic	$ 2.09	$ 1.68	$ 1.10	$ 0.30
Earnings per share, diluted	$ 1.77	$ 1.54	$ 1.03	$ 0.28

	Successor			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2010				
Total net sales and revenue	$31,476	$33,174	$34,060	$36,882
Automotive gross margin	$ 3,923	$ 4,565	$ 4,473	$ 3,582
Net income	$ 1,196	$ 1,612	$ 2,223	$ 1,472
Net income attributable to stockholders	$ 1,068	$ 1,536	$ 2,162	$ 1,406
Earnings per share, basic	$ 0.58	$ 0.89	$ 1.31	$ 0.34
Earnings per share, diluted	$ 0.55	$ 0.85	$ 1.20	$ 0.31

GM

In the three months ended June 30, September 30, and December 31, 2011 we used the two-class method for calculating earnings per share because Series B Preferred Stock became a participating security.

Results for the three months ended December 31, 2011 included:

- Goodwill impairment charge of $891 million in GMIO and GME.
- Settlement gain of $749 million related to termination of CAW hourly retiree healthcare benefits.
- Impairment charge of $555 million related to Ally Financial common stock.
- Reversal of deferred income tax valuation allowances of $502 million in Australia.

Results for the three months ended March 31, 2011 included:

- Gain of $1.6 billion related to the sale of our Class A Membership Interests in New Delphi.
- Goodwill impairment charge of $395 million in GME.
- Gain of $339 million related to the sale of 100% of our investment in the Ally Financial preferred stock.

Results for the three months ended December 31, 2010 included:

- A charge of $677 million related to our purchase of 84 million shares of Series A Preferred Stock from the UST.

Note 30. Segment Reporting

Consolidated

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, and evaluates GM Financial through Income (loss) before income taxes.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- Daewoo
- GMC
- Holden
- Opel
- Vauxhall

At December 31, 2011 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Korea, SGM, SGMW, FAW-GM and HKJV. These companies design, manufacture and market vehicles under the following brands:

- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Daewoo
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment (dollars in millions):

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
At and For the Year Ended December 31, 2011										
Sales										
External customers	$85,988	$25,154	$21,031	$16,632	$ 61	$ —	$148,866	$ —	$ —	$148,866
GM Financial revenue	—	—	—	—	—	—	—	1,410	—	1,410
Intersegment	4,245	1,603	3,730	245	—	(9,820)	3	—	(3)	—
Total net sales and revenue	$90,233	$26,757	$24,761	$16,877	$ 61	$ (9,820)	$148,869	$ 1,410	$ (3)	$150,276
Income (loss) before automotive interest and income taxes-adjusted	$ 7,194	$ (747)	$ 1,897	$ (122)	$ (447)	$ (93)	$ 7,682	$ 622	$ —	$ 8,304
Adjustments (a)										861
Corporate interest income										455
Automotive interest expense										540
Income (loss) before income taxes										9,080
Income tax expense (benefit)										(110)
Net income attributable to stockholders										$ 9,190
Equity in net assets of nonconsolidated affiliates	$ 60	$ 50	$ 6,678	$ 2	$ —	$ —	$ 6,790	$ —	$ —	$ 6,790
Total assets	$83,595	$15,799	$22,181	$11,631	$30,244	$(31,590)	$131,860	$13,112	$(369)	$144,603
Expenditures for property	$ 3,404	$ 1,016	$ 907	$ 880	$ 44	$ (10)	$ 6,241	$ 8	$ —	$ 6,249
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,693	$ 1,371	$ 491	$ 454	$ 50	$ (1)	$ 6,058	$ 85	$ (2)	$ 6,141
Equity income, net of tax and gain on disposal of investments (b)	$ 1,733	$ —	$ 1,458	$ 1	$ —	$ —	$ 3,192	$ —	$ —	$ 3,192
Significant non-cash charges (gains) not classified as adjustments in (a)										
Impairment charges related to long-lived assets	$ 74	$ —	$ 4	$ 3	$ —	$ —	$ 81	$ —	$ —	$ 81
Impairment charges related to equipment on operating leases	75	76	—	—	—	—	151	—	—	151
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(488)	—	(488)	—	—	(488)
Total significant non-cash charges (gains)	$ 149	$ 76	$ 4	$ 3	$ (488)	$ —	$ (256)	$ —	$ —	$ (256)

(a) Consists of the gain on sale of our New Delphi Class A Membership Interests of $1.6 billion and the gain related to the HCT settlement of $749 million in GMNA, Goodwill impairment charges of $1.0 billion in GME, Goodwill impairment charges of $258 million and charges related to HKJV of $106 million in GMIO, a gain on extinguishment of debt of $63 million in GMSA and impairment charges of $555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of $339 million in Corporate.

(b) Includes a gain of $1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 10 for additional information on the sale of New Delphi.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	Successor									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
At and For the Year Ended December 31, 2010										
Sales										
External customers	$79,514	$22,868	$17,730	$15,065	$ 134	$ —	$135,311	$ —	$ —	$135,311
GM Financial revenue	—	—	—	—	—	—	—	281	—	281
Intersegment (a)	3,521	1,208	2,831	314	—	(7,874)	—	—	—	—
Total net sales and revenue	$83,035	$24,076	$20,561	$15,379	$ 134	$ (7,874)	$135,311	$ 281	$ —	$135,592
Income (loss) before automotive interest and income taxes-adjusted	$ 5,688	$ (1,953)	$ 2,262	$ 818	$ 191	$ (105)	$ 6,901	$ 129	$ —	$ 7,030
Adjustments (b)										447
Corporate interest income										465
Automotive interest expense										1,098
Income (loss) before income taxes										6,844
Income tax expense (benefit)										672
Net income attributable to stockholders										$ 6,172
Equity in net assets of nonconsolidated affiliates	$ 2,094	$ 8	$ 6,427	$ —	$ —	$ —	$ 8,529	$ —	$ —	$ 8,529
Total assets (c)	$76,333	$18,375	$19,655	$12,040	$23,306	$(21,707)	$128,002	$10,940	$(44)	$138,898
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$ —	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$ —	$ 6,930
Equity income (loss), net of tax	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$ —	$ 1,438
Significant noncash charges (gains) not classified as adjustments in (b)										
Net contingent Adjustment Shares	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$ —	$ (162)
Reversal of valuation allowances against deferred tax assets (d)	—	—	—	—	(63)	—	(63)	—	—	(63)
Impairment charges related to long-lived assets	234	—	6	—	—	—	240	—	—	240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	49
Total significant noncash charges (gains)	$ 234	$ 49	$ 6	$ —	$ (225)	$ —	$ 64	$ —	$ —	$ 64

(a) Presentation of intersegment sales has been adjusted to conform to the current presentation.

(b) Consists of a gain on the sale of Nexteer of $60 million in GMNA, a gain on the sale of Saab of $123 million, a gain on acquisition of GMS of $66 million in GME and a gain on the extinguishment of the VEBA Notes of $198 million in Corporate.

(c) Intercompany receivables between segments have been eliminated for presentation purposes as these amounts are not expected to be paid.

(d) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	Successor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period July 10, 2009 Through December 31, 2009							
Sales							
External customers	$31,454	$11,340	$7,221	$7,318	$141	$ —	$57,474
Intersegment (a)	972	139	906	81	—	(2,098)	—
Total net sales and revenue	$32,426	$11,479	$8,127	$7,399	$141	$(2,098)	$57,474
Income (loss) before interest and income taxes-adjusted	$(2,065)	$ (814)	$ 789	$ 417	$133	$ (45)	$(1,585)
Adjustments (b)							(3,202)
Interest income							184
Interest expense							694
Income (loss) before income taxes							(5,297)
Income tax expense (benefit)							(1,000)
Net income (loss) attributable to stockholders							$(4,297)
Expenditures for property	$ 911	$ 547	$ 272	$ 131	$ 1	$ —	$ 1,862
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 2,732	$ 938	$ 237	$ 224	$110	$ —	$ 4,241
Equity income (loss), net of tax	$ (7)	$ 8	$ 495	$ 1	$ —	$ —	$ 497
Significant noncash charges (gains) not classified as adjustments in (b)							
Contingent Adjustment Shares	$ —	$ —	$ —	$ —	$162	$ —	$ 162
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(63)	—	(63)
Total significant noncash charges	$ —	$ —	$ —	$ —	$ 99	$ —	$ 99

(a) Presentation of intersegment sales has been adjusted to conform to the current presentation.

(b) Consists of the UAW OPEB health care settlement loss of $2.6 billion, charges related to Delphi of $83 million and a loss on extinguishment of debt of $101 million in GMNA, impairment charges related to Ally Financial common stock of $270 million and charges related to Delphi of $177 million in Corporate.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	Predecessor						
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive
For the Period January 1, 2009 Through July 9, 2009							
Sales							
External customers	$ 23,490	$12,419	$5,194	$5,685	$ 327	$ —	$ 47,115
Intersegment	701	133	1,024	51	—	(1,909)	—
Total net sales and revenue	$ 24,191	$12,552	$6,218	$5,736	$ 327	$(1,909)	$ 47,115
Income (loss) before interest and income taxes	$(11,092)	$ (2,815)	$ (486)	$ (454)	$ 127,981	$ 63	$ 113,197
Interest income					183		183
Interest expense					5,428		5,428
Income (loss) before income taxes					$ 122,736		107,952
Income tax expense (benefit)							(1,166)
Net income attributable to stockholders							$ 109,118
Expenditures for property	$ 2,282	$ 795	$ 279	$ 137	$ 24	$ —	$ 3,517
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,759	$ 1,492	$ 386	$ 94	$ 142	$ —	$ 6,873
Equity in income of and disposition of interest in Ally Financial	$ —	$ —	$ —	$ —	$ 1,380	$ —	$ 1,380
Equity income (loss), net of tax	$ (277)	$ 3	$ 334	$ —	$ 1	$ —	$ 61
Significant noncash charges (gains)							
Gain on extinguishment of debt	$ —	$ —	$ —	$ —	$ (906)	$ —	$ (906)
Loss on extinguishment of UST Ally Financial Loan	—	—	—	—	1,994	—	1,994
Gain on conversion of UST Ally Financial Loan	—	—	—	—	(2,477)	—	(2,477)
Reversal of valuation allowances against deferred tax assets (a)	—	—	—	—	(751)	—	(751)
Impairment charges related to equipment on operating leases	11	36	—	—	16	—	63
Impairment charges related to long-lived assets	320	237	7	2	—	—	566
Reorganization gains, net (b)	—	—	—	—	(128,563)	—	(128,563)
Total significant noncash charges (gains)	$ 331	$ 273	$ 7	$ 2	$(130,687)	$ —	$(130,074)

(a) Amounts exclude changes related to income tax benefits in jurisdictions with a full valuation allowance throughout the period.

(b) Refer to Note 32 for additional information on Reorganization gains, net.

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures. In such case, the revenue is attributed based on the geographic location of the joint venture. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	Successor						Predecessor	
	At and For the Year Ended December 31, 2011		At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
North America								
U.S.	$ 79,868	$11,736	$ 72,736	$10,351	$28,007	$10,245	$21,152	$20,742
Canada and Mexico	10,153	3,227	10,195	2,773	4,682	3,031	3,486	5,943
GM Financial								
U.S.	1,363	532	279	46				
Canada	47	300	2	1				
Europe								
France	2,343	73	1,820	63	923	17	1,024	67
Germany	5,975	2,348	5,004	1,852	2,851	2,299	3,817	3,670
Italy	2,429	55	2,509	176	1,119	192	1,221	169
Spain	1,263	464	1,398	665	862	778	609	1,206
United Kingdom	4,899	815	5,253	761	2,531	815	2,749	1,189
Other European Countries	8,284	975	6,905	764	3,046	839	3,024	1,821
Asia								
Korea	9,087	1,874	7,301	1,519	3,014	982	2,044	1,941
Thailand	911	582	561	341	166	151	103	383
Other Asian Countries	496	147	482	74	575	47	435	347
South America								
Argentina	1,723	164	1,215	183	436	195	363	131
Brazil	9,635	2,077	9,513	1,425	4,910	1,142	3,347	1,081
Venezuela	1,472	48	1,130	47	850	46	981	43
Other South American Countries	3,801	196	3,220	166	1,136	157	984	102
All Other Geographic Locations	6,527	664	6,069	643	2,366	481	1,776	1,158
Total consolidated	$150,276	$26,277	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	Successor						Predecessor	
	At and For the Year Ended December 31, 2011		At and For the Year Ended December 31, 2010		At and For the Period July 10, 2009 Through December 31, 2009		At and For the Period January 1, 2009 Through July 9, 2009	
	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets	Net Sales & Revenue	Long Lived Assets
U.S.	$ 81,231	$12,268	$ 73,015	$10,397	$28,007	$10,245	$21,152	$20,742
Non-U.S.	69,045	14,009	62,577	11,453	29,467	11,172	25,963	19,251
Total U.S. and non-U.S.	$150,276	$26,277	$135,592	$21,850	$57,474	$21,417	$47,115	$39,993

Note 31. Supplemental Information for Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Automotive Increase (decrease) in other operating assets and liabilities and cash paid for income taxes and interest (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Accounts receivable	$(1,572)	$ (641)	$ 660	$ (268)
Prepaid expenses and other deferred charges	(195)	299	315	1,416
Inventories	(2,760)	(2,229)	(315)	3,509
Accounts payable	2,095	2,259	5,363	(8,846)
Income taxes payable	(289)	51	401	606
Accrued liabilities and other liabilities	(654)	(92)	(3,225)	(6,815)
Equipment on operating leases	(522)	(628)	173	169
Total	$(3,897)	$ (981)	$ 3,372	$(10,229)
Cash paid for income taxes and interest				
Cash paid (received) for income taxes	$ 569	$ 357	$ (65)	$ (1,011)
Cash paid for interest — Automotive	$ 317	$ 1,001	$ 618	$ 2,513
Cash paid for interest — GM Financial	284	66		
Total cash paid for interest	$ 601	$ 1,067		

Significant Non-Cash Activity

Investing Cash Flows

The following table summarizes the amounts of unpaid property acquisitions that have been excluded from Expenditures for property within the investing activities section of the consolidated statement of cash flows because no cash has been expended (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Accrued expenditures for property	$3,689	$2,290	$1,710	$2,124

Financing Cash Flows

The following table summarizes the amounts relating to non-cash financing activities that have been excluded from the financing activities section of the consolidated statements of cash flows because no cash has been received (dollars in millions):

	Successor			Predecessor
	Year Ended December 31, 2011	Year Ended December 31, 2010	July 10, 2009 Through December 31, 2009	January 1, 2009 Through July 9, 2009
Common stock contributed to U.S. hourly and salaried pension plans	$1,864	$—	$ —	$—
Notes issued to settle CAW hourly retiree healthcare plan	$1,122	$—	$ —	$—
UAW hourly retiree medical plan:				
Common stock and warrants contributed to VEBA	$ —	$—	$5,156	$—
Notes contributed to VEBA	$ —	$—	$2,825	$—
Series A Preferred Stock contributed to VEBA	$ —	$—	$5,257	$—

Refer to Note 18 for additional information on the common stock contributed to our pension plans and warrants, common stock, notes and preferred stock issued to settle certain hourly retirees healthcare benefit obligations.

Note 32. Chapter 11 Proceedings and the 363 Sale

Background

Over time as Old GM's market share declined in North America, Old GM needed to continually restructure its business operations to reduce cost and excess capacity. Legacy labor costs and obligations and capacity in its dealer network made Old GM less competitive than new entrants into the U.S. market. These factors continued to strain Old GM's liquidity. In 2005 Old GM incurred significant losses from operations and from restructuring activities such as providing support to Delphi and other efforts intended to reduce operating costs. Old GM managed its liquidity during this time through a series of cost reduction initiatives, capital markets transactions and sales of assets. However, the global credit market crisis had a dramatic effect on Old GM and the automotive industry. In the second half of 2008, the increased turmoil in the mortgage and overall credit markets (particularly the lack of financing for buyers or lessees of vehicles), the continued reductions in U.S. housing values, the volatility in the price of oil, recessions in the U.S. and Western Europe and the slowdown of economic growth in the rest of the world created a substantially more difficult business environment. The ability to execute capital markets transactions or sales of assets was extremely limited, vehicle sales in North America and Western Europe contracted severely and the pace of vehicle sales in the rest of the world slowed. Old GM's liquidity position, as well as its operating performance, were negatively affected by these economic and industry conditions and by other financial and business factors, many of which were beyond its control.

As a result of these economic conditions and the rapid decline in sales in the three months ended December 31, 2008 Old GM determined that, despite the actions it had then taken to restructure its U.S. business, it would be unable to pay its obligations in the normal course of business in 2009 or service its debt in a timely fashion, which required the development of a new plan that depended on financial assistance from the U.S. government.

In December 2008 Old GM requested and received financial assistance from the U.S. government and entered into the UST Loan Agreement. In early 2009 Old GM's business results and liquidity continued to deteriorate, and, as a result, Old GM obtained additional funding from the UST under the UST Loan Agreement. Old GM also received funding from EDC under the EDC Loan Facility.

As a condition to obtaining the loans under the UST Loan Agreement, Old GM was required to submit a plan in February 2009 that included specific actions (Viability Plan) intended to result in the following:

- Repayment of all loans, interest and expenses under the UST Loan Agreement, and all other funding provided by the U.S. government;
- Compliance with federal fuel efficiency and emissions requirements and commencement of domestic manufacturing of advanced technology vehicles;
- Achievement of a positive net present value, using reasonable assumptions and taking into account all existing and projected future costs;
- Rationalization of costs, capitalization and capacity with respect to its manufacturing workforce, suppliers and dealerships; and
- A product mix and cost structure that is competitive in the U.S. marketplace.

The UST Loan Agreement also required Old GM to, among other things, use its best efforts to achieve the following restructuring targets: (1) debt reduction of at least two-thirds; (2) labor modifications to achieve an average compensation competitive with that of foreign-owned U.S. domiciled automakers; and, (3) modification of certain retiree healthcare obligations.

The UST Loan Agreement provided that if, by March 31, 2009 or a later date (not to exceed 30 days after March 31, 2009) as determined by the Presidential Task Force on the Auto Industry (Auto Task Force) (Certification Deadline), the Auto Task Force had not certified that Old GM had taken all steps necessary to achieve and sustain its long-term viability, international competitiveness and energy efficiency in accordance with the Viability Plan, then the loans and other obligations under the UST Loan Agreement were to become due and payable on the thirtieth day after the Certification Deadline.

On March 30, 2009 the Auto Task Force determined that the plan was not viable and required substantial revisions. On March 31, 2009 Old GM and the UST agreed to postpone the Certification Deadline to June 1, 2009. Old GM made further modifications to its Viability Plan in an attempt to satisfy the Auto Task Force requirement that it undertake a substantially more accelerated and aggressive restructuring plan (Revised Viability Plan), the most significant of which included reducing Old GM's indebtedness and VEBA obligations.

Chapter 11 Proceedings

Old GM was not able to complete the cost reduction and restructuring actions in its Revised Viability Plan, including the debt reductions and VEBA modifications, which resulted in extreme liquidity constraints. As a result, on June 1, 2009 Old GM and certain of its direct and indirect subsidiaries sought relief through Chapter 11 Proceedings of the Bankruptcy Code in the Bankruptcy Court.

In connection with the Chapter 11 Proceedings, Old GM entered into the DIP Facility and received additional funding commitments from EDC to support Old GM's Canadian operations.

The following table summarizes the total funding and funding commitments Old GM received from the U.S. and Canadian governments and the additional notes Old GM issued related thereto in the period December 31, 2008 through July 9, 2009 (dollars in millions):

	Predecessor		
	Funding and Funding Commitments	Additional Notes Issued (a)	Total Obligation
Description of Funding Commitment			
UST Loan Agreement (b)	$19,761	$1,172	$20,933
EDC funding (c)	6,294	161	6,455
DIP Facility	33,300	2,221	35,521
Total	$59,355	$3,554	$62,909

(a) Old GM did not receive any proceeds from the issuance of these promissory notes, which were issued as additional compensation to the UST and EDC.

(b) Includes debt of $361 million, which the UST loaned to Old GM under the warranty program.

(c) Includes approximately $2.4 billion from the EDC Loan Facility received in the period January 1, 2009 through July 9, 2009 and funding commitments of $3.9 billion that were immediately converted into our equity. This funding was received on July 15, 2009.

363 Sale

On July 10, 2009 we completed the acquisition of substantially all of the assets and assumed certain liabilities of Old GM and certain of its direct and indirect subsidiaries (collectively, the Sellers). The 363 Sale was consummated in accordance with a purchase agreement also referred to as the Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended, between us and the Sellers, and pursuant to the Bankruptcy Court's sale order dated July 5, 2009.

In connection with the 363 Sale, the purchase price paid to Old GM was composed of:

- A credit bid in an amount equal to the total of: (1) debt of $19.8 billion under Old GM's UST Loan Agreement, plus notes of $1.2 billion issued as additional compensation for the UST Loan Agreement, plus interest on such debt Old GM owed as of the closing date of the 363 Sale; and (2) debt of $33.3 billion under Old GM's DIP Facility, plus notes of $2.2 billion issued as additional compensation for the DIP Facility, plus interest Old GM owed as of the closing date, less debt of $8.2 billion owed under the DIP Facility;
- The UST's return of the warrants Old GM previously issued to it;
- The issuance to MLC of shares of our common stock and warrants to acquire newly issued shares of our common stock as presented in the table in the following section entitled "Issuance of Common Stock, Preferred Stock and Warrants;" and
- Our assumption of certain specified liabilities of Old GM (including debt of $7.1 billion owed under the DIP Facility).

Under the terms of the 363 Sale agreement, we are obligated to issue Adjustment Shares to the GUC Trust following the dissolution of MLC in the event that allowed general unsecured claims against MLC, as approved by the Bankruptcy Court, exceed $35.0 billion. Refer to Note 20 for a description of the contingently issuable Adjustment Shares.

Agreements with the UST, EDC and New VEBA

On July 10, 2009 we entered into the UST Credit Agreement and assumed debt of $7.1 billion maturing on July 10, 2015 that Old GM incurred under its DIP Facility. Immediately after entering into the UST Credit Agreement, we made a partial prepayment, reducing the UST Credit Agreement principal balance to $6.7 billion. We issued VEBA Notes in the principal amount of $2.5 billion to the New VEBA. Through our wholly-owned subsidiary GMCL we also entered into the Canadian Loan with EDC, as a result of which GMCL had a $1.3 billion term loan.

In December 2009 and March 2010 we made quarterly payments of $1.0 billion and $1.0 billion on the UST Credit Agreement and GMCL made quarterly payments of $192 million and $194 million on the Canadian Loan. In April 2010, we used funds from our escrow account to repay in full the outstanding amount of the UST Credit Agreement of $4.7 billion, and GMCL repaid in full the outstanding amount of the Canadian Loan of $1.1 billion. Both loans were repaid prior to maturity. In October 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Notes of $2.8 billion.

Refer to Note 17 for additional information on the UST Credit Agreement, VEBA Notes and the Canadian Loan.

Issuance of Common Stock, Preferred Stock and Warrants

On July 10, 2009 we issued the following securities to the UST, Canada GEN Investment Corporation, a corporation organized under the laws of Canada (Canada Holdings), the New VEBA and MLC (shares in millions):

	Successor	
	Common Stock	Series A Preferred Stock (b)
UST	912	84
Canada Holdings	175	16
New VEBA (a)	263	260
MLC (a)	150	—
	1,500	360

(a) New VEBA also received a tranche of warrants to acquire 46 million shares of our common stock and MLC received two tranches of warrants, each to acquire 136 million shares of our common stock. Refer to Note 25 for additional description of warrants.

(b) Refer to Note 25 for a description of the Series A Preferred Stock.

Additional Modifications to Pension and Other Postretirement Plans Contingent upon the Completion of the 363 Sale

We modified the U.S. hourly pension plan, the U.S. executive retirement plan, the U.S. salaried life plan, the non-UAW hourly retiree medical plan and the U.S. hourly life plan. These modifications became effective upon the completion of the 363 Sale. Refer to Note 18 for description of the changes to these plans.

Accounting for the Effects of the Chapter 11 Proceedings and the 363 Sale

Chapter 11 Proceedings

ASC 852, "Reorganizations," (ASC 852) is applicable to entities operating under Chapter 11 of the Bankruptcy Code. ASC 852 generally does not affect the application of U.S. GAAP that we and Old GM followed to prepare the consolidated financial statements, but it does require specific disclosures for transactions and events that were directly related to the Chapter 11 Proceedings and transactions and events that resulted from ongoing operations.

Old GM prepared its consolidated financial statements in accordance with the guidance in ASC 852 in the period June 1, 2009 through July 9, 2009. Revenues, expenses, realized gains and losses, and provisions for losses directly related to the Chapter 11 Proceedings were recorded in Reorganization gains, net. Reorganization gains, net do not constitute an element of operating loss due to their nature and due to the requirement of ASC 852 that they be reported separately. Cash amounts provided by or used in the Chapter 11 Proceedings are separately disclosed in the statement of cash flows.

Application of Fresh-Start Reporting

The Bankruptcy Court did not determine a reorganization value in connection with the 363 Sale. Reorganization value is defined as the value of our assets without liabilities. In order to apply fresh-start reporting, ASC 852 requires that total postpetition liabilities and allowed claims be in excess of reorganization value and prepetition stockholders receive less than 50.0% of our common stock. Based on our estimated reorganization value, we determined that on July 10, 2009 both the criteria of ASC 852 were met and, as a result, we applied fresh-start reporting.

363 Sale and Fresh-Start Reporting Adjustments

The following table summarizes Old GM's Reorganization gains, net, arising from the 363 Sale and fresh-start reporting (dollars in millions):

	Predecessor
	January 1, 2009 Through July 9, 2009
Change in net assets resulting from the application of fresh-start reporting	$ 33,829
Fair value of New GM's Series A Preferred Stock, common shares and warrants issued in 363 Sale	20,532
Gain from the conversion of debt owed to UST to equity	31,561
Gain from the conversion of debt owed to EDC to equity	5,964
Gain from the modification and measurement of our VEBA obligation	7,731
Gain from the modification and measurement of other employee benefit plans	4,585
Gain from the settlement of net liabilities retained by MLC via the 363 Sale	25,177
Income tax benefit for release of valuation allowances and other tax adjustments	710
Other 363 Sale adjustments	(21)
Total adjustments from the 363 Sale and fresh-start reporting	130,068
Adjustment recorded to Income tax benefit for release of valuation allowances and other tax adjustments	(710)
Other losses, net (a)	(1,203)
Total Reorganization gains, net	$128,155

(a) Other losses, net primarily relate to costs incurred during Old GM's Chapter 11 proceedings, including: losses of $958 million on extinguishments of debt; losses of $398 million on contract rejections, settlements of claims and other lease terminations; professional fees of $38 million; and a gain of $247 million related to the release of Accumulated other comprehensive income (loss) associated with previously designated derivative financial instruments.

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and Senior Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2011. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2011.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2011, utilizing the criteria discussed in the "Internal Control — Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2011. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2011.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON	/s/ DANIEL AMMANN
Daniel F. Akerson Chairman and Chief Executive Officer	Daniel Ammann Senior Vice President and Chief Financial Officer
February 27, 2012	February 27, 2012

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS

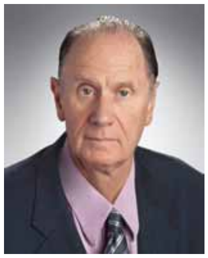
(Dollars in millions)

Description	Balance at Beginning of Period	Additions Charged to Costs and Expenses	Additions Charged to Other Accounts	Deductions	Effect of Application of Fresh-Start Reporting	Balance at End of Period
Successor						
For the year ended December 31, 2011						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$252	159	3	83	—	$331
Other investments and miscellaneous assets (receivables and other)	$ 7	37	—	6	—	$ 38
For the year ended December 31, 2010						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$250	93	—	91	—	$252
Other investments and miscellaneous assets (receivables and other)	$ 7	—	14	14	—	$ 7
For the period July 10, 2009 through December 31, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$ —	251	—	1	—	$250
Other investments and miscellaneous assets (receivables and other)	$ —	—	7	—	—	$ 7
Predecessor						
For the period January 1, 2009 through July 9, 2009						
Allowances Deducted from Assets						
Accounts and notes receivable (for doubtful receivables)	$422	1,482	76	6	(1,974)	$ —
Other investments and miscellaneous assets (receivables and other)	$ 43	—	3	—	(46)	$ —

Board of Directors

(As of April 1, 2012)

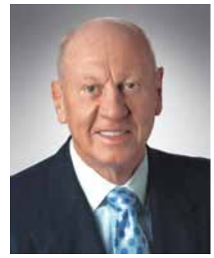
Daniel F. Akerson
Chairman &
Chief Executive Officer
Director since July 2009



David Bonderman [2,5]
Co-Founding Partner
& Managing General
Partner, TPG Capital
Director since July 2009

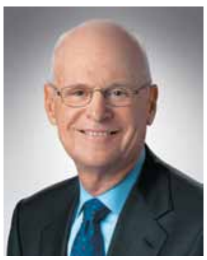
Erroll B. Davis, Jr. [1,4]
Superintendent for
Atlanta Public Schools
Director since July 2009

Stephen J. Girsky [4,5]
Vice Chairman, Corporate
Strategy, Business
Development,
Global Product Planning
and Global Purchasing &
Supply Chain
Director since July 2009



E. Neville Isdell [2,3,4]
Retired Chairman &
Chief Executive Officer,
The Coca-Cola Company
Director since July 2009

Robert D. Krebs [1,5]
Retired Chairman &
Chief Executive Officer,
Burlington Northern
Santa Fe Corporation
Director since July 2009



Philip A. Laskawy [1,5]
Retired Chairman &
Chief Executive Officer,
Ernst & Young LLP
Director since July 2009

Kathryn V. Marinello [1,4]
Chairman &
Chief Executive Officer,
Stream Global Services, Inc.
Director since July 2009

Patricia F. Russo [2,3,5]
Former Chief Executive
Officer, Alcatel-Lucent
Director since July 2009

Thomas M. Schoewe [5]
Former Executive
Vice President &
Chief Financial Officer,
Wal-Mart Stores, Inc.
Director since
November 2011

Carol M. Stephenson [2,3]
Dean, Richard Ivey School
of Business, The University
of Western Ontario
Director since July 2009

Dr. Cynthia A. Telles [3,4]
Director, UCLA
Neuropsychiatric Institute
Spanish-Speaking
Psychosocial Clinic
Director since April 2010

Committees: 1 Audit, 2 Executive Compensation, 3 Directors and Corporate Governance, 4 Public Policy, 5 Finance and Risk

Management Team

(As of April 1, 2012) (Not pictured)

Daniel F. Akerson
Chairman &
Chief Executive Officer

Stephen J. Girsky
Vice Chairman,
Corporate Strategy,
Business Development,
Global Product Planning
and Global Purchasing
& Supply Chain

Daniel Ammann
Senior Vice President &
Chief Financial Officer

Jaime Ardila
Vice President & President,
South America

Mary T. Barra
Senior Vice President,
Global Product
Development

Timothy E. Lee
Vice President
& President,
International Operations

Michael P. Millikin
Senior Vice President
& General Counsel

Karl-Friedrich Stracke
Vice President
& President, Europe

Mark L. Reuss
Vice President & President,
North America

Selim Bingol
Vice President,
Global Communications

Cynthia J. Brinkley
Vice President,
Global Human Resources

Nicholas S. Cyprus
Vice President, Controller
& Chief Accounting Officer

James A. Davlin
Vice President,
Finance & Treasurer

Joel Ewanick
Vice President & Global
Chief Marketing Officer

Robert E. Ferguson
Vice President,
Global Public Policy

Randall D. Mott
Vice President,
Information Technology
& Chief Information Officer

Anne T. Larin
Corporate Secretary

Victoria McInnis
Chief Tax Officer

Brian D. Thelen
General Auditor
& Chief Risk Officer

General Information

Common Stock

GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

Preferred Stock

4.75% GM Series B mandatory convertible junior preferred stock, $0.01 par value

Ticker symbol: GM PR B -
New York Stock Exchange

Annual Meeting

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. EDT on Tuesday, June 12, 2012, in Detroit, Michigan.

Stockholder Assistance

Stockholders of record requiring information about their accounts should contact:
Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334
(from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service (888-887-8945) and the Computershare website at *www.computershare.com/gm* are always available.

For other information, stockholders may contact:
GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

Electronic Delivery of Annual Meeting Materials

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at *www.computershare.com/gm*. If your GM stock is held through a broker, bank or other nominee, contact it directly.

Securities and Institutional Analyst Queries

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

Available Publications

GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and *Winning With Integrity* (code of ethics) are available online at *www.gm.com/investor*.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

Visit GM on the Internet

Learn more about General Motors vehicles and services on our website at *www.gm.com*.

GM Customer Assistance Centers

Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300
or @BuickCustCare

Cadillac: 800-458-8006
or @CadillacCustSvc

Chevrolet: 800-222-1020
or @ChevyCustCare

GMC: 800-462-8782
or @GMCCustCare

HUMMER: 866-486-6376
or @GMCustomerSvc

Oldsmobile: 800-442-6537
or @GMCustomerSvc

Pontiac: 800-762-2737
or @GMCustomerSvc

Saab: 855-880-0808
or @GMCustomerSvc

Saturn: 800-553-6000
or @GMCustomerSvc

GM of Canada: 800-263-3777

GM Mobility: 800-323-9935

Other Products and Services

GM Card: 800-846-2273
OnStar: 888-667-8277

Principal Office

General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-556-5000

Please go to www.gmannualreport.com to view our new online annual report—a view of our year, our strategy, our vehicles and more.

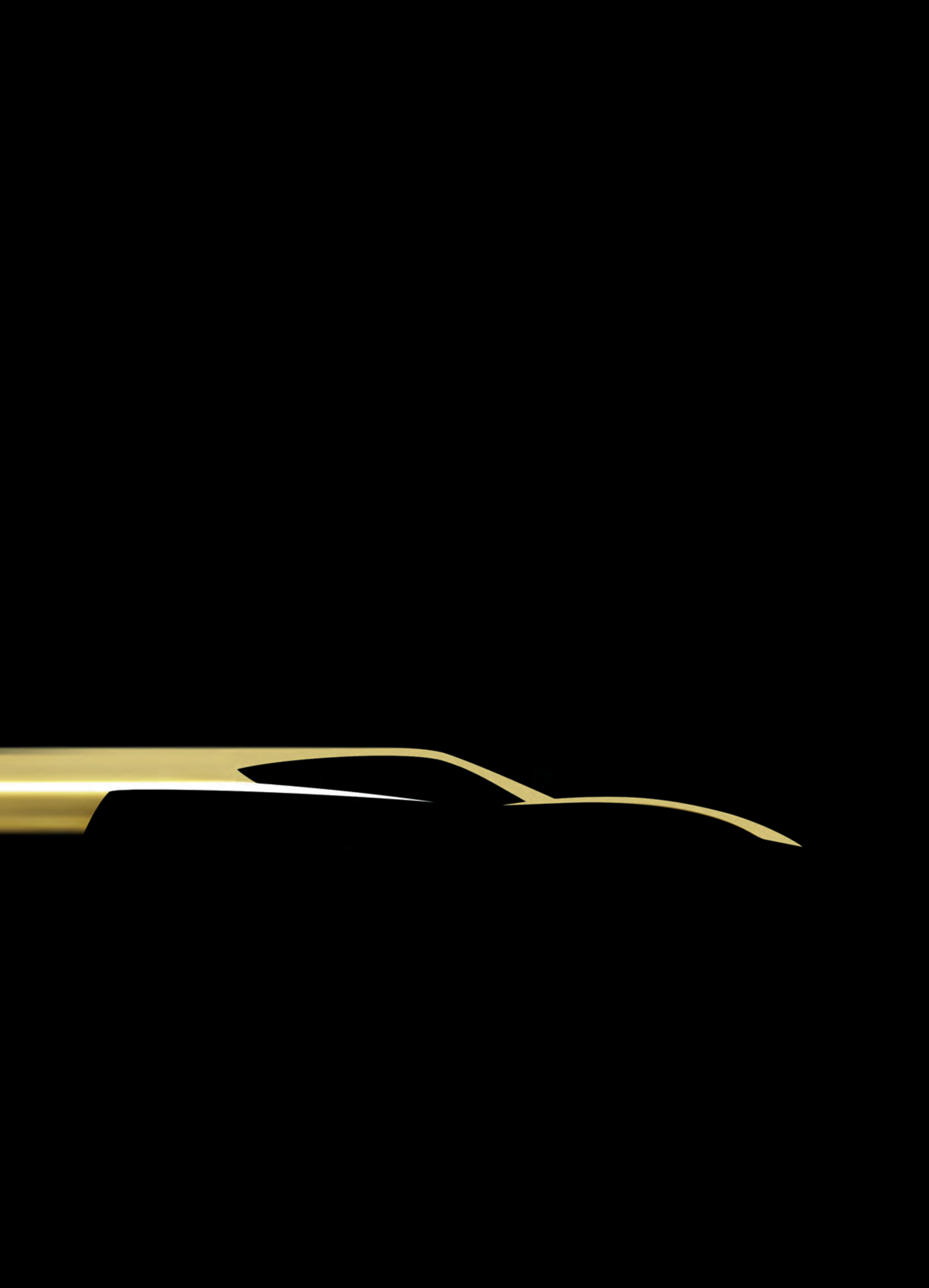

Our vision in motion: full speed ahead.

General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
www.gm.com

EXHIBIT 17

GM

2012 ANNUAL REPORT



1959

1963

2014

CHEVROLET CORVETTE STINGRAY

PASSION. PRECISION. PERFORMANCE.

Our success begins and ends with people who have a passion for great cars and trucks ... a pride in getting everything just right ... a commitment to perform our best for the people who put their trust in us.

From here, there are no finish lines. There's only

go

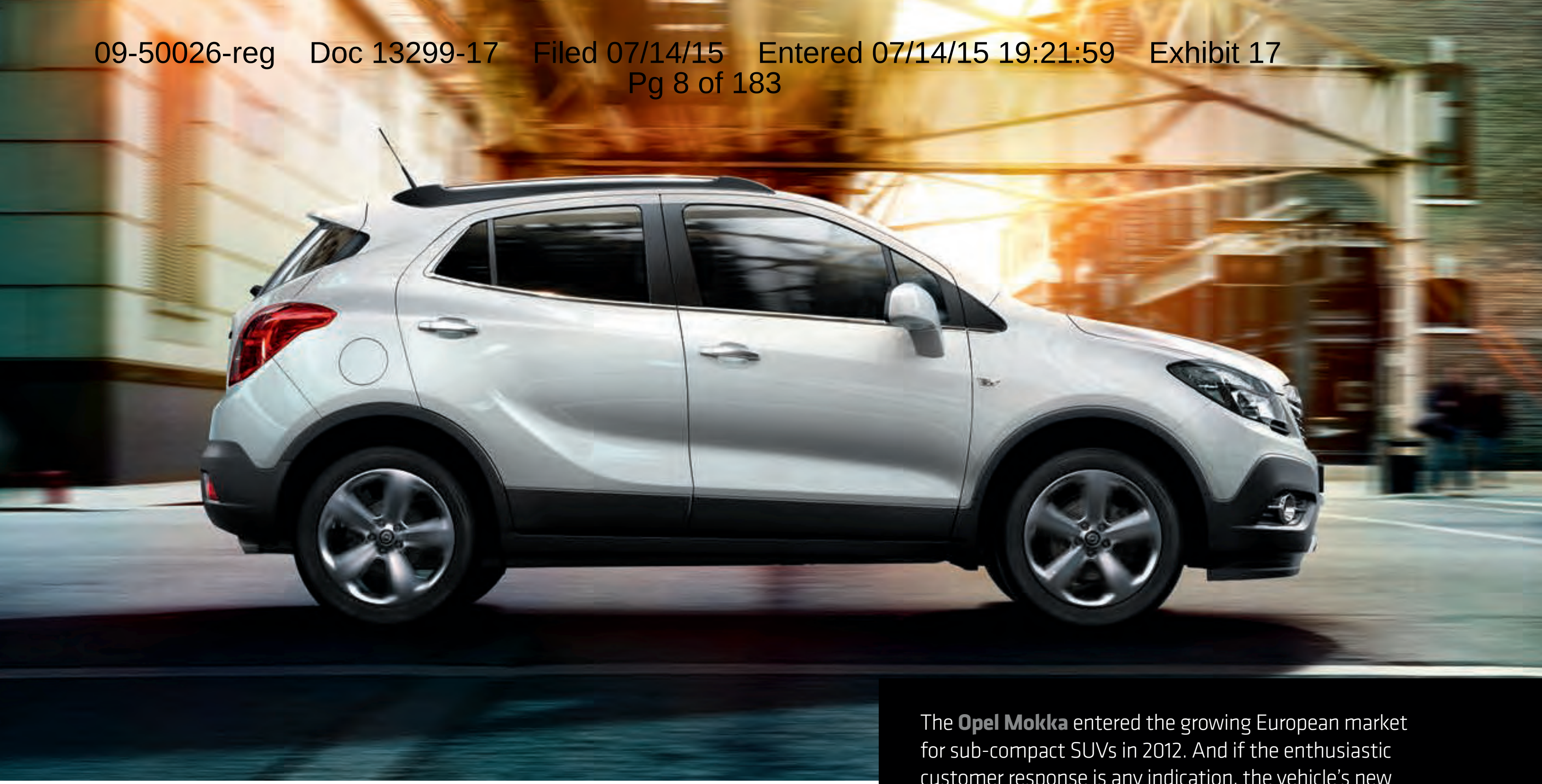
Please go to www.gmannualreport.com to view our new online annual report — a view of our year, our strategy, our vehicles and more.

FINANCIAL CONTENTS

DANIEL F. AKERSON
Chairman & Chief Executive Officer
with the 2014 Cadillac CTS

TO OUR STOCKHOLDERS:

Last year, I closed my letter to you by talking about how GM was changing its processes and culture in order to build the best vehicles in the world much more efficiently and profitably. This year, I want to pick up where I left off, and articulate what success looks like for you as stockholders, and for everyone else who depends on us. >>



The **Opel Mokka** entered the growing European market for sub-compact SUVs in 2012. And if the enthusiastic customer response is any indication, the vehicle's new technologies and bold design are already setting a new standard in its segment.

Simply stated, our objective is to make GM the world's most valuable automotive company over time by attracting the industry's most loyal and enthusiastic customers.

The phrase "most valuable" means different things to different groups, which is intentional. To suppliers and our dealers, it means GM will be their preferred business partner. To our team, it means we will be their workplace of choice. And to investors, it means we will become a blue chip holding by virtue of long-term profitable growth, which is the theme of this letter.

What is immutable is our focus on the customer, which requires us to go from "good" today to "great" in everything we do, including product design, initial quality, durability and service after the sale.

As you will read, the foundation for greatness is being built. GM has introduced products that customers around the world love. We are aggressively addressing the issues that hold us back. We have maintained our fortress balance sheet and improved our financial flexibility. And we have planted the seeds of growth in every region of the world.

A YEAR OF SIGNIFICANT PROGRESS

From a financial standpoint, 2012 was another solid year for General Motors. Four of our five business units were profitable and we earned net income attributable to common stockholders of $4.9 billion.

Those of you who have been invested in GM know that we track our operating performance using EBIT-adjusted, which is earnings before interest expense and taxes, adjusted for special items. On this basis, GM earned $7.9 billion.

This is down about $400 million from a year ago, due primarily to a larger loss in Europe. North America's results tracked very close to 2011. Earnings in South America and International Operations were up year over year. GM Financial had record income before tax.

Cash generation was solid. Our automotive revenue in 2012 was $150 billion, our dealers delivered 9.3 million vehicles and we generated $9.6 billion in automotive net cash provided by operating activities. Adjusted automotive free cash flow was up meaningfully from 2011, reaching $4.3 billion.

We ended 2012 with total liquidity of $37.2 billion, including $26.1 billion of cash and marketable securities.

These and other favorable trends prompted Canada's DBRS and Fitch Ratings to upgrade GM's corporate credit rating. DBRS now rates GM as investment grade and all three major U.S. ratings agencies have us rated one notch below investment grade. Our target is to achieve investment grade across-the-board as soon as possible and improve from there.

CREATING A SUSTAINABLE COMPETITIVE ADVANTAGE

GM's much improved financial structure and our $23.2 billion in EBIT-adjusted since the beginning of 2010 are allowing us to reinvest in the business at a consistently high level, despite the fact that most European economies are in distress and U.S. sales remained below pre-recession levels in 2012.

Our capital expenditures increased from $6.2 billion in 2011 to $8.1 billion in 2012, and I expect capital spending will stay at about this level in coming years. We can do this because of our low break-even point in North America, the global geographic diversity of our earnings and our fortress balance sheet.

Our operating results and financial discipline also made it possible to execute a number of transactions that will improve our competitive position and reduce risk going forward.

- Through GM Financial, we are acquiring Ally Financial's International Operations in Europe and Latin America, and Ally's share of its China joint venture. With the Ally acquisitions and GM Financial's other new business initiatives, we will be able to provide financing in markets that represent 80 percent of our sales volume. We will also be able to meet demand in strategic and underserved markets – all with very good risk-adjusted returns and a smaller balance sheet than other captive automotive finance companies.
- To ensure GM has state-of-the-art information technology (IT), we are consolidating 23 mostly leased and shared data centers around the world into two fully redundant, company-owned facilities. The next step is to transform IT into a competitive advantage, so we are creating four innovation centers to develop proprietary business application software. Together, these moves will give us the most robust applications, and the most accurate, timely and secure data.
- In a particularly innovative set of transactions, we reduced our U.S. salaried pension obligations by $28 billion. By offering retirees a lump sum buy-out or an insurance company-backed annuity, we were able to reduce a form of leverage, reduce claims on our future cash flow and actually enhance the income security of our salaried retirees.
- Late in the year, we strengthened our fortress balance sheet by replacing our existing $5 billion revolving line of credit with two new credit facilities totaling $11 billion. This additional liquidity is appropriate for a company of our size. But what made it a landmark deal was the fact that we earned investment-grade pricing and investment-grade terms and conditions – a clear vote of confidence in the financial strength of General Motors.

FIXING GM EUROPE

One of the urgent issues we are addressing is the economic crisis in Europe, which led to increased losses in the region. I'm encouraged that after several years of restructuring, which intensified in 2012, we are now seeing green shoots. Indeed, our objective is to achieve break-even EBIT-adjusted results by mid-decade.

The foundation of our Europe revitalization plan is to grow Chevrolet and underpin Opel/Vauxhall's great new products with a competitive cost structure and the right "go to market" strategy.

Significant progress has been made on all of these fronts:

- We continue to rationalize capacity and pursue productivity gains. We announced the sale of our transmission operations in Strasbourg, France, and confirmed that car production will cease at our plant in Bochum, Germany.
- We significantly strengthened our leadership team in Europe, most notably with the appointment of Dr. Karl-Thomas Neumann, a veteran Volkswagen executive, as chairman of the Opel management board and president of GM Europe. Dr. Neumann started work on March 1, 2013.

Reduced U.S. salaried pension liability

$28B

Capital expenditures

"GM's greatest strengths today are our market-leading positions in the United States and China, the world's two largest markets."

As we reduce our fixed and variable costs in Europe, we'll continue to play offense with no less than 23 new Opel/Vauxhall vehicles and 13 new powertrains coming between 2012 and 2016.

The first two of these products, the Mokka and ADAM, are in segments where we didn't compete before, and they look like hits. By early 2013, we had 90,000 customer and dealer orders for the Mokka and 30,000 for the ADAM.

Sales increase in China 2012 over 2011

11.3%

One of the boldest decisions we made in 2012 was to strike a broad-based alliance with Peugeot S.A. (PSA), Europe's second-largest automaker by volume.

The PSA alliance helps us on both strategic and tactical fronts:

- We expect to see lower material costs through our new purchasing alliance, which covers commodities, components and other goods and services.
- Our logistics costs per vehicle should start to decline now that we are working with Gefco, the leading logistics provider in Europe and a former PSA subsidiary.
- During the medium- to long-term, we expect to accrue even greater synergies by jointly developing several B- and C-segment products from shared architectures.

All of this activity is designed to put Opel/Vauxhall back on a growth trajectory. Although the political, economic and competitive landscape remains volatile, we are making progress on the things we can control. Our drive for results is intense and we will adjust to any reality.

PROFITABLE GROWTH AROUND THE WORLD

GM's greatest strengths today are our market-leading positions in the United States and China, the world's two largest markets.

In China, GM and our joint venture partners sold a record 2.8 million vehicles in 2012. Sales increased 11.3 percent from 2011 and we gained a full point of market share versus 2011.

Our two largest brands, Buick and Wuling, set all-time sales records. Chevrolet also set a record for domestic sales on the strength of products like the Cruze, Sail and new Malibu. Cadillac posted modest growth and our new Baojun brand had sales of more than 84,000 units in its first full year in the marketplace.

By 2020, the market in China could reach 30 million units annually, up from about 19 million in 2011, so we are continuing to invest aggressively in all facets of our business:

- We plan to introduce more than 10 new or upgraded products in China on average each year through 2016.
- Shanghai GM opened a new plant in Yantai, Shandong, and broke ground for its fourth manufacturing base in Wuhan, Hubei.
- SAIC-GM-Wuling opened a new passenger car production facility near its headquarters in Liuzhou, Guangxi, and announced plans to build a third production base in Chongqing Municipality.
- GM's Pan Asia Technical Automotive Center (PATAC) joint venture opened a climatic wind tunnel in Shanghai, and together with PATAC, SAIC and Shanghai GM, we opened the largest automotive proving ground in the country in Guangde, Anhui.

- Export sales from China reached 76,000 units in 2012 and are expected to reach 100,000 units in 2013.
- We now have more than 4,200 dealerships in China and are expanding in the country's growing central and western cities.

Growing Cadillac sales in China is a priority. With a refreshed version of the top-selling Cadillac SRX crossover and local production of the Cadillac XTS sedan, which began in early 2013, along with future products, we will build critical mass. Our goal is to triple sales to 100,000 units within two years.

In the United States, we sold 2.6 million vehicles, up 4 percent compared with 2011, although market share declined 1.6 points to 17.5 percent. The share decline is due in large part to the recovery of the Japanese automakers after the Fukushima earthquake and tsunami, and the relative age of our product portfolio.

Against this backdrop, however, we created significant value for both GM and our customers.

- Thanks to continuous improvement in our product offerings, GM's sales incentives, which used to be the highest in the industry, are now competitive and consistently about the industry average as a percentage of average transaction prices, according to J.D. Power PIN data.
- GM now commands the highest, or among the highest, prices in key segments, including small, mid-size and compact cars, compact and medium crossovers and large SUVs, also according to J.D. Power.
- The combination of more desirable vehicles, disciplined incentives and our balanced approach to fleet sales has helped drive significant increases in the resale value of our U.S. products.

The net result is that our EBIT-adjusted margins in North America have averaged 7.4 percent over the last three calendar years, despite having a relatively older product line-up due to depressed capital spending in 2008 and 2009.

The **Cadillac ELR** marks a pivotal moment in the brand's history – a sleek luxury coupe that features the first application of Extended Range Electric Vehicle technology by a full-line luxury automotive brand.

From hood to hitch, the all-new **Chevrolet Silverado 1500** full-size pickup is engineered to be the strongest, smartest and most capable Silverado ever.

Our market discipline sets us up very well for an aggressive wave of new product launches. During the course of 2012 and 2013, 70 percent of our U.S. nameplates will be redesigned or all new, including:

- A stunning new Chevrolet Corvette Stingray, which was voted "Best in Show" at the 2013 North American International Auto Show in Detroit by the editors of *AutoWeek* magazine.
- The Cadillac ATS luxury sedan, which was named 2013 North American Car of the Year by a distinguished panel of journalists – the first time a Cadillac has won.
- The new Buick Verano and Encore, which are entering new segments for GM, will continue the revitalization of the brand. Buick has now delivered three consecutive years of higher retail sales.

Our most important launch in 2013 will be our completely redesigned Chevrolet Silverado and GMC Sierra full-size pickups, which are cornerstones of our sales, market share and profitability in North America.

Every element of these vehicles has been improved, including durability, capability, fuel economy and refinement. Both competitive-make drivers and our 13-million strong owner base will find our new trucks very appealing.

With so many new products in our portfolio, we expect a modest increase in U.S. market share in 2013, and an even brighter future. By 2014, we expect to have one of the newest showrooms in the industry.

New products and plant investments are also driving our business in South America. In 2012, GM South America earned EBIT-adjusted of $271 million, an almost $400 million improvement over 2011.

The long list of projects we have planned includes a $450 million investment in our Rosario plant in Argentina. In Brazil, they include a new engine plant in Joinville, the expansion of our Gravatai assembly plant, extensive upgrades to our Sao Cetano do Sul plant and much more.

All of this work has been done to prepare for an unprecedented wave of new Chevrolets, including the new Cobalt, Cruze, S10, Sonic, Spin, Trailblazer and the all-new Onix.

The Chevrolet Onix is an exemplar. It was envisioned as a car for the growing middle class in emerging markets, and early feedback from our dealers and media suggests we have struck exactly the right balance of affordability, functionality and design.

The Brazilian Automotive Media Association named the Onix its "Car of the Year," and it could account for as much as 25 percent of Chevrolet sales in Brazil.

Chevrolet's success in growth markets, including Russia, where the brand has been the best-selling non-domestic nameplate for six consecutive years, helped lead to record global sales in 2011 and 2012, and a striking shift in the brand's footprint. Ten years ago, more than 70 percent of Chevrolets were sold INSIDE the United States.

Today, more than 60 percent of Chevrolets are sold OUTSIDE the United States and it now is the world's fastest-growing major automotive brand.

2013 J.D. Power Vehicle Dependability Study

11 GM MODELS

RANKED TOP 3 IN THEIR SEGMENT

BUILDING THE MOST ROBUST BUSINESS MODEL

Today's GM leadership team is attacking issues that once seemed intractable, including our pension obligations and European losses. We have also re-established GM as a leader in automotive design and technology with vehicles such as the Chevrolet Volt, Opel Mokka, Cadillac ATS and ELR, and more. But we have more work to do to further improve our results and build the most robust business model possible.

MORE THAN 60% of Chevrolets are sold outside the United States

In last year's letter, I described how our product development team is working to reduce complexity and better leverage our scale by reducing the number of vehicle and powertrain architectures that underpin our products.

“We are designing products to win in the marketplace, not just compete, and we’re aggressively pursuing growth opportunities around the world.”

That work continues, and it has been complemented by changes to our design and engineering organization that have flattened the structure and created more accountability for product execution, profitability and customer satisfaction.

We’re also providing our product teams with much more detailed and insightful financial analysis. Over time, we will be able to track the profitability of vehicles we build down to the serial number, which will help us prioritize capital allocations and other investment decisions.

Ultimately, these insights will help us become far more strategic about product development, component sourcing and manufacturing decisions, which in turn will help us drive down costs.

Product quality and long-term durability are two other areas that demand our unrelenting attention, even though we are doing well on key measures.

For example, we earned our best-ever results in J.D. Power and Associates’ 2012 Initial Quality Study. In addition, 11 GM models were ranked in the top three of their segments in the 2013 J.D. Power Vehicle Dependability Study, which tracks the performance of three-year-old vehicles. Chevrolet and GMC swept the large pickup segment. This is all good. But it’s not enough.

Internal and external studies prove that long-term durability is hardwired to customer retention rates, and retention drives profitability. For example, we conservatively estimate a one percentage point improvement in GM loyalty rates in the United States would deliver about $700 million in incremental revenue. To capture this revenue, our teams are working hard to further improve customer satisfaction and quality.

Of course, none of the issues I have outlined are new challenges. But they are controllable, and every dollar of incremental revenue or avoided cost brings us closer to our objective of becoming the world’s most valuable automotive company. All of it is achievable.

BECOMING THE WORLD’S MOST VALUABLE AUTOMOTIVE COMPANY

In closing, I want to share my perspective on the U.S. government’s gradual sell-down of its ownership stake in GM, which was announced at the end of 2012. It echoes a message I shared with the GM team on the day we announced our plan to return more than $5 billion in capital to the U.S. Treasury by repurchasing 200 million shares of common stock.

It has never been far from my mind that U.S. and Canadian taxpayers rightfully expected us to change the way we do business in exchange for a second chance. That is exactly what we are doing.

Today’s GM has changed in profound ways:

- We are transforming our financial systems and strengthening our risk management function processes while simultaneously reducing our pension obligations and closing competitive gaps.

- To enhance our competitiveness, we are restoring information technology as a core competency.
- We are designing products to win in the marketplace, not just compete, and we're aggressively pursuing growth opportunities around the world.
- We are building stronger relationships with our suppliers, dealers, employees, unions and the communities where we do business.
- By keeping our debt and break-even point low, we are able to reinvest about $8 billion in capital in the business every year regardless of the economic cycle.

More than anything else, we now put customers at the center of every decision, because we know that the only way to stay in business for generations to come is to earn their loyalty.

All of the traits I described are hallmarks of great companies and prerequisites for GM to achieve our overarching goal: to become the world's most valuable automotive company.

I've challenged the GM team to make this our legacy, which is the best way I can think of to justify the extraordinary assistance taxpayers gave us and thank them for standing by us in what was our darkest hour.

We're well on our way.

Sincerely,

Daniel F. Akerson

Daniel F. Akerson
Chairman & Chief Executive Officer

April 25, 2013

Buick Encore, the brand's stylish, highly fuel-efficient entry into the small crossover segment, entered dealer showrooms in January 2013 – helping to continue the momentum from Buick's most successful retail sales performance in six years.

REVENUE (BILLIONS)

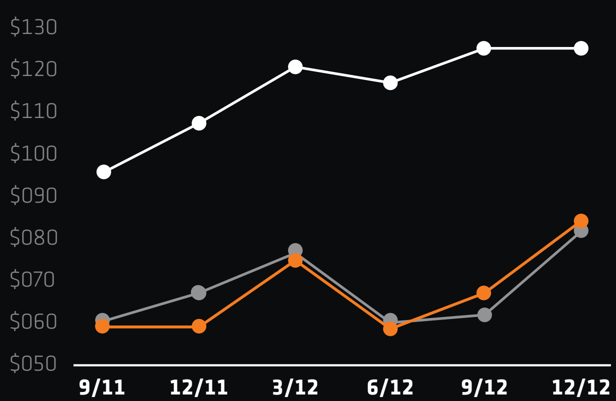
NET INCOME ATTRIBUTABLE TO
COMMON STOCKHOLDERS (MILLIONS)

$4,859 2012

EARNINGS PER SHARE
FULLY DILUTED

$2.92 2012

COMPARISON OF CUMULATIVE
TOTAL RETURN



	9/11	12/11	3/12	6/12	9/12	12/12
● General Motors Company	$ 59	$ 59	$ 75	$ 58	$ 67	$ 84
● S&P 500 Index	$ 96	$108	$121	$118	$125	$125
● Ford	$ 60	$ 67	$ 78	$ 60	$ 62	$ 82

Source: Standard & Poor's Capital IQ
Notes: Assumes $100 invested on 11/18/10 in GM Common stock, in the S&P 500, and in Ford, with reinvestment of dividends.

VEHICLE SALES AND NET REVENUE

(in millions, except per share & units)	2011	2012
VEHICLE SALES, INCLUDING JOINT VENTURES - (000'S UNITS)		
GMNA	2,925	3,019
GME	1,751	1,607
GMIO	3,281	3,616
GMSA	1,066	1,047
Worldwide Vehicle Sales	**9,024**	**9,288**
FINANCIAL RESULTS		
Worldwide Net Sales & Revenue	$150,276	$152,256
Earnings Before Interest and Income Taxes - Adjusted*	$ 8,304	$ 7,859
Net Income Attributable to Common Stockholders	$ 7,585	$ 4,859
Diluted Earnings Per Share	$ 4.58	$ 2.92
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
Available Automotive Liquidity		
Cash and Marketable Securities	$ 31,647	$ 26,121
Credit Facilities	5,308	11,119
Total Available Automotive Liquidity	**$ 36,955**	**$ 37,240**
Key Automotive Obligations		
Debt	$ 5,295	$ 5,172
Underfunded U.S. Pension	14,213	14,025
Total Key Automotive Obligations	**$ 19,508**	**$ 19,197**
ADJUSTED AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	$ 7,429	$ 9,631
Capital Expenditures	(6,241)	(8,055)
Automotive Free Cash Flow	**1,188**	**1,576**
Adjustments for Voluntary Management Actions	1,830	2,712
Adjusted Automotive Free Cash Flow	**$ 3,018**	**$ 4,288**
EMPLOYMENT - YEAR END (000'S)		
GMNA	98	101
GME	39	37
GMIO	34	39
GMSA	33	32
GM Financial	3	4
Worldwide Employment	**207**	**213**

*Includes GM Financial on an Earnings Before Tax (EBT) basis

GENERAL MOTORS COMPANY AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP MEASURES

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Adjusted automotive free cash flow which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Adjusted automotive free cash flow are considered non-GAAP measures.

Management believes these non-GAAP measures provide meaningful supplemental information regarding GM's operating results and liquidity because they exclude amounts that management does not consider when assessing and measuring operational and financial performance. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. GM believes these non-GAAP measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP, and there are limitations associated with their use. GM's calculation of these non-GAAP measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to common stockholders. Due to these limitations, these non-GAAP measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted to its most comparable U.S. GAAP measure (dollars in millions):

	2011	2012
Operating segments		
GMNA[(a)]	$7,194	$6,953
GME[(a)]	(747)	(1,797)
GMIO[(a)]	1,897	2,191
GMSA[(a)]	(122)	271
GM Financial[(b)]	622	744
Total operating segments[(b)]	8,844	8,362
Corporate and eliminations	(540)	(503)
EBIT-adjusted[(b)]	**8,304**	**7,859**
Special items	861	(36,106)
Interest income	455	343
Automotive interest expense	540	489
Loss on extinguishment of debt	-	250
Income tax benefit	(110)	(34,831)
Net income attributable to stockholders	**$9,190**	**$6,188**

(a)Interest and income taxes are recorded centrally in Corporate and therefore are not reconciling items for GM's automotive operating segments between EBIT-adjusted and Net income (loss) attributable to stockholders.

(b)GM Financial amounts represent income before income taxes.

The following summarizes the adjustments for voluntary management actions for Adjusted automotive free cash flow in the year ended December 31, 2011. Adjustments for voluntary management actions included the following:
- Increase in accounts receivable of $1.1 billion resulting from the termination of an in-transit wholesale advance agreement; and
- Contribution to Canadian Health Care Trust of $0.8 billion.

In the year ended December 31, 2012, adjustments for voluntary management actions for Adjusted automotive free cash flow included the following:
- Voluntary contributions to a pension plan of $2.3 billion; and
- The premium paid to purchase our common stock from the United States Treasury of $0.4 billion.

The following summarizes the special items for EBIT-adjusted in the year ended December 31, 2011. Special items included the following:
- Gain of $1.6 billion in GMNA on the sale of GM's Class A Membership Interests in Delphi Automotive LLP;
- Goodwill impairment charges of $1.0 billion in GME and $258 million in GMIO;
- Gain of $749 million in GMNA related to Canadian Health Care Trust settlement;
- Impairment charges of $555 million in Corporate related to GM's investments in Ally Financial, Inc. common stock;
- Gain of $339 million in Corporate related to the sale of 100% of the Ally Financial, Inc. preferred stock;
- Charge of $106 million in GMIO related to GM's India joint venture; and
- Gain of $63 million in GMSA related to extinguishment of debt.

In the year ended December 31, 2012, special items for EBIT-adjusted included the following:
- Goodwill impairment charges of $26.4 billion in GMNA, $590 million in GME and $132 million in GMIO;
- Pension settlement charges of $2.7 billion in GMNA;
- Income related to various insurance recoveries of $155 million in GMNA, GME, GMIO and GMSA;
- Property impairment charges of $3.7 billion in GME;
- Intangible assets impairment charges of $1.8 billion in GME;
- Impairment charges related to the investment in PSA of $220 million in GME;
- A charge of $119 million in GME to record GM Strasbourg assets and liabilities to estimated fair value;
- GM Korea hourly wage litigation charge of $336 million in GMIO;
- Noncontrolling interests of $68 million in GMIO related to redemption of the GM Korea mandatorily redeemable preferred shares; and
- A charge of $402 million in Corporate which represents the premium paid to purchase our common stock from the UST.

BOARD OF DIRECTORS *(as of April 1, 2013)*

Beginning on left:

Robert D. Krebs, Retired Chairman and Chief Executive Officer, Burlington Northern Santa Fe Corporation (Joined Board 07/24/09)
Patricia F. Russo, Former Chief Executive Officer, Alcatel-Lucent (Joined Board 07/24/09)
Dr. Cynthia A. Telles, Director, UCLA Neuropsychiatric Institute Spanish-Speaking Psychosocial Clinic (Joined Board 04/13/10)
Admiral Michael G. Mullen, USN (ret.), Former Chairman, Joint Chiefs of Staff (Joined Board 02/01/13)
Daniel F. Akerson, Chairman & Chief Executive Officer, General Motors Company (Joined Board 07/24/09)
E. Neville Isdell, Retired Chairman and Chief Executive Officer, The Coca-Cola Company (Joined Board 07/10/09)
Thomas M. Schoewe, Former Executive Vice President and Chief Financial Officer, Wal-Mart Stores, Inc. (Joined Board 11/14/11)
Philip A. Laskawy, Retired Chairman and Chief Executive Officer, Ernst & Young LLP (Joined Board 07/10/09)
Theodore M. Solso, Former Chairman and Chief Executive Officer, Cummins, Inc. (Joined Board 06/12/12)
Kathryn V. Marinello, Chairman and Chief Executive Officer, Stream Global Services, Inc. (Joined Board 07/10/09)
Erroll B. Davis, Jr., Superintendent, Atlanta Public Schools (Joined Board 07/10/09)
Carol M. Stephenson, Dean, Richard Ivey School of Business, Univ. of Western Ontario (Joined Board 07/24/09)
Stephen J. Girsky, Vice Chairman, Corporate Strategy, Business Development, Global Product Planning and Global Purchasing & Supply Chain, General Motors Company (Joined Board 07/10/09)
James J. Mulva, Retired Chairman and Chief Executive Officer, ConocoPhillips (Joined Board 06/12/12)
David Bonderman *(not pictured)***,** Co-Founding Partner and Managing General Partner, TPG (Joined Board 07/24/09)

MANAGEMENT TEAM *(as of April 1, 2013)*

Daniel F. Akerson
Chairman &
Chief Executive Officer

Stephen J. Girsky
Vice Chairman,
Corporate Strategy,
Business Development,
Global Product Planning
and Global Purchasing
& Supply Chain

Daniel Ammann
Senior Vice President
& Chief Financial Officer

Jaime Ardila
Vice President & President,
South America

Mary T. Barra
Senior Vice President,
Global Product Development

Timothy E. Lee
Vice President, Global
Manufacturing & President,
International Operations

Michael P. Millikin
Senior Vice President
& General Counsel

Karl-Thomas Neumann
Vice President & President,
Europe

Mark L. Reuss
Vice President & President,
North America

Selim Bingol
Vice President,
Global Communications
& Public Policy

James A. Davlin
Vice President,
Finance & Treasurer

Robert E. Ferguson
Vice President,
Global Cadillac

Melissa A. Howell
Vice President,
Global Human Resources

Randall D. Mott
Vice President, Information
Technology & Chief
Information Officer

Thomas S. Timko
Vice President, Controller
& Chief Accounting Officer

Anne T. Larin
Corporate Secretary

Victoria McInnis
Chief Tax Officer

Brian D. Thelen
General Auditor
& Chief Risk Officer

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange.

Quarterly price ranges based on high and low prices from intraday trades of our common stock on the New York Stock Exchange, the principal market in which the stock is traded, are as follows:

	Years Ended December 31,			
	2012		2011	
	High	Low	High	Low
Quarter				
First	$27.68	$20.75	$39.48	$30.20
Second	$27.03	$19.24	$33.47	$28.17
Third	$25.15	$18.72	$32.08	$19.77
Fourth	$28.90	$22.67	$26.55	$19.00

Holders

At February 8, 2013 we had a total of 1.4 billion issued and outstanding shares of common stock held by 319 holders of record.

Dividends

Since our formation, we have not paid any dividends on our common stock. We have no current plans to pay any dividends on our common stock. So long as any share of our Series A or Series B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and Series B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock payable solely in shares of our common stock.

Our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facilities and other factors.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements, the selected financial data below includes the selected financial data of Old GM as it is the Predecessor entity solely for accounting and financial reporting purposes. At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations" (ASC 852). The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	Successor				Predecessor	
	Years Ended December 31,			July 10, 2009 Through December 31,	January 1, 2009 Through	Year Ended December 31,
	2012	2011	2010	2009	July 9, 2009	2008
Income Statement Data:						
Total net sales and revenue (a)	$152,256	$150,276	$135,592	$ 57,474	$ 47,115	$148,979
Reorganization gains, net (b)	$ —	$ —	$ —	$ —	$128,155	$ —
Income (loss) from continuing operations	$ 6,136	$ 9,287	$ 6,503	$ (3,786)	$109,003	$ (31,051)
Net (income) loss attributable to noncontrolling interests	52	(97)	(331)	(511)	115	108
Net income (loss) attributable to stockholders (c)	$ 6,188	$ 9,190	$ 6,172	$ (4,297)	$109,118	$ (30,943)
Net income (loss) attributable to common stockholders	$ 4,859	$ 7,585	$ 4,668	$ (4,428)	$109,118	$ (30,943)
GM $0.01 par value common stock and Old GM $1-2/3 par value common stock						
Basic earnings (loss) per share: (d)						
Net income (loss) attributable to common stockholders	$ 3.10	$ 4.94	$ 3.11	$ (3.58)	$ 178.63	$ (53.47)
Diluted earnings (loss) per share: (d)						
Net income (loss) attributable to common stockholders	$ 2.92	$ 4.58	$ 2.89	$ (3.58)	$ 178.55	$ (53.47)
Cash dividends per common share	$ —	$ —	$ —	$ —	$ —	$ 0.50
Balance Sheet Data (as of period end):						
Total assets (a)	$149,422	$144,603	$138,898	$136,295		$ 91,039
Automotive notes and loans payable (e)(f)	$ 5,172	$ 5,295	$ 4,630	$ 15,783		$ 45,938
GM Financial notes and loans payable (a)	$ 10,878	$ 8,538	$ 7,032			
Series A Preferred Stock (g)	$ 5,536	$ 5,536	$ 5,536	$ 6,998		$ —
Series B Preferred Stock (h)	$ 4,855	$ 4,855	$ 4,855	$ —		$ —
Equity (deficit) (i)(j)	$ 37,000	$ 38,991	$ 37,159	$ 21,957		$ (85,076)

(a) General Motors Financial Company, Inc. (GM Financial) was consolidated effective October 1, 2010.

(b) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, the 363 Sale of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

(c) In the year ended December 31, 2012 we recorded Goodwill impairment charges of $27.1 billion, the reversal of deferred tax valuation allowances of $36.3 billion in the U.S. and Canada, pension settlement charges of $2.7 billion and GM Europe (GME) long-lived asset impairment charges of $5.5 billion.

(d) In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock is a participating security due to the applicable market value of our common stock being below $33.00 per common share. Refer to Note 25 to our consolidated financial statements for additional detail.

(e) In December 2008 Old GM entered into the United States Treasury (UST) loan agreement, as amended (UST Loan Agreement), pursuant to which the UST agreed to provide a $13.4 billion borrowing facility.

(f) In December 2010 GM Korea Company (GM Korea) terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

(g) In December 2010 we purchased 84 million shares of our Series A Preferred Stock from the UST for $2.1 billion.

(h) Series B Preferred Stock was issued in a public offering in November and December 2010.

(i) Series A Preferred Stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

(j) In December 2012 we purchased 200 million shares of our common stock for a total of $5.5 billion, which directly reduced shareholder's equity by $5.1 billion and we recorded a charge to earnings of $0.4 billion.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in this Annual Report on Form 10-K (2012 Form 10-K) for the periods on or subsequent to July 10, 2009 as “we,” “our,” “us,” “ourselves,” the “Company,” “General Motors,” or “GM.” General Motors Corporation is sometimes referred to in this 2012 Form 10-K, for the periods on or before July 9, 2009, as “Old GM,” as it is the predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2012 Form 10-K for the periods after July 10, 2009 as “MLC.” On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC’s dissolution. MLC transferred to the GUC Trust all of MLC’s remaining undistributed shares of our common stock and warrants to acquire our common stock.

Presentation and Estimates

Basis of Presentation

This Management’s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the accompanying consolidated financial statements.

We analyze the results of our business through our five segments, namely GM North America (GMNA), GME, GM International Operations (GMIO), GM South America (GMSA) and GM Financial.

Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

Prior Period Financial Statements Conformed to Current Period Presentation

In 2012 we changed the presentation of our consolidated balance sheet, consolidated statements of cash flows and certain notes to the consolidated financial statements to classify the assets and liabilities of GM Financial as current or non-current and to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Overview

Our Company commenced operations on July 10, 2009 when we completed the acquisition of substantially all of the assets and assumption of certain liabilities of Old GM through a 363 Sale under Chapter 11 of the U.S. Bankruptcy Code. By commencing operations following the 363 Sale, we were able to take advantage of a competitive labor agreement with our unions, a restructured dealer network and a reduced and refocused brand strategy in the U.S. focused on four brands.

In November and December of 2010 we consummated a public offering of 550 million shares of our common stock and 100 million shares of Series B Preferred Stock and listed both of these securities on the New York Stock Exchange and the common stock on the Toronto Stock Exchange. In April 2011 in connection with MLC’s distribution of warrants for our common stock to its unsecured creditors, we listed the warrants expiring July 10, 2016 and the warrants expiring July 10, 2019 on the New York Stock Exchange.

Automotive

We offer a global vehicle portfolio of cars, crossovers and trucks. We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers. Of our total 2012 vehicle sales volume, 72.1% was generated outside the U.S.

Our automotive business is organized into four geographically-based segments:

- GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 32.5% of our vehicle sales volume in 2012 and we had the largest market share in this market at 16.9%.

- GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 17.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number four market share in this market at 8.5%. GMIO distributes Chevrolet brand vehicles which, when sold in Europe, are included in GME vehicle sales volume and market share data.

- GMIO has sales, manufacturing and distribution operations in Asia-Pacific, Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others), Africa and the Middle East. GMIO's vehicle sales volume, which includes Asia-Pacific, Africa and the Middle East is our largest segment by vehicle sales volume. GMIO represented 38.9% of our global vehicle sales volume including sales through our joint ventures in 2012. In 2012 we had approximately 14.6% market share in China as compared to 13.6% in 2011. In 2012 GMIO derived 78.4% of its vehicle sales volume from China. GMIO records the financial results of Chevrolet brand vehicles that it distributes and sells in Europe.

- GMSA has sales, manufacturing, distribution and financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 11.3% of our vehicle sales volume in 2012. In 2012 we estimated we had the number two market share for this market at 18.0% and the number three market share in Brazil. In 2012 GMSA derived 61.4% of its vehicle sales volume from Brazil.

Automotive Financing — GM Financial

GM Financial specializes in purchasing retail automobile installment sales contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers lease products through GM dealerships in connection with the sale of used and new automobiles that target customers with sub-prime and prime credit bureau scores. GM Financial primarily generates revenue and cash flows through the purchase, retention, subsequent securitization and servicing of finance receivables. To fund the acquisition of receivables prior to securitization, GM Financial uses available cash and borrowings under its credit facilities. GM Financial earns finance charge income on finance receivables and pays interest expense on borrowings under its credit facilities. GM Financial periodically transfers receivables to securitization trusts that issue asset-backed securities to investors. The securitization trusts are special purpose entities that are also variable interest entities that meet the requirements to be consolidated in the financial statements.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

Our Strategy

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles, allowing us to maximize sales under any market conditions;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio;
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model; and
- Ensure that our dealers and customers have consistently available, transparent and competitive financing options through GM Financial and other providers.

Automotive Financing Strategy

Our automotive financing strategy centers around ensuring that our dealers and customers have consistently available, transparent and competitive financing options throughout the business and credit cycles. We achieve this through our captive finance capabilities at GM Financial and through operating relationships with financial institutions, including Ally Financial, Inc. (Ally Financial).

In October 2010 we acquired GM Financial to further bolster our offerings in the leasing and sub-prime financing segments in the U.S. and Canada. We believe that by having our own capabilities in key financing segments of the market we will be able to achieve more competition from other financing market participants, which we believe improves pricing and service to our dealers and retail customers.

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire Ally Financial's automotive finance and financial services operations in Europe and Latin America. Additionally in November 2012 GM Financial entered into a share transfer agreement with Ally Financial to acquire Ally Financial's equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC) that conducts automotive finance and financial services operations in China. The purchases will allow GM Financial to support our dealers in markets comprising 80% of our global sales. The combined consideration will be approximately $4.2 billion, subject to certain possible closing adjustments. Pursuant to the transactions, GM Financial's assets are expected to double to approximately $33.0 billion and its liabilities, including consolidated debt, will increase to approximately $27.0 billion compared with $11.8 billion at December 31, 2012. The closings of the transactions are expected to occur in stages throughout 2013.

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floor plan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis. We believe the availability of financing for our dealers is important to our business. GM Financial plans to launch similar commercial lending in Canada during the first half of 2013.

In April 2011 GM Financial began originating leases for our customers in Canada. Given the importance of leasing and the previous lack of availability of third-party leasing offerings to our customers in the Canadian market (due to regulatory restrictions preventing banks and bank holding companies from offering leasing in Canada), we believe having a captive financing offering in Canada is strategically important to our business. In August 2012 GM Financial began offering consumer sub-prime financing in Canada.

In December 2010 GM Financial began offering a lease product in certain geographic areas through our franchised dealerships that targets consumers with prime credit bureau scores leasing new GM vehicles. During 2011 GM Financial completed the nationwide rollout of the lease product in the U.S. including separate product offerings for prime and sub-prime customers. GM Financial continues to expand its business in targeted areas that it views as strategic and to otherwise evaluate opportunities in specific segments of the automotive financing market.

In addition to the financing we provide through GM Financial, we also ensure availability of competitive financing for our customers and dealers through operating relationships with financial institutions. Historically, Ally Financial provided a majority of the financing for our dealers and a significant portion of the financing for our customers in the U.S., Canada and other major international markets where we operate. Ally Financial continues to be the largest third-party provider of the financing for our dealers and customers. We have added relationships with other financial institutions to increase our competitiveness and benefit from additional financing sources, including arrangements to provide incentivized retail financing to our customers in the U.S., Canada, U.K. and Australia.

Focus on Chinese Market

We view the Chinese market, the fastest growing global market by volume of vehicles sold, as important to our global growth strategy and are employing a multi-brand strategy led by our Buick and Chevrolet brands. In the coming years we plan to increasingly leverage our global architectures to increase the number of nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in Chinese markets through a number of joint ventures and maintaining good relations with our joint ventures partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

Refer to Note 10 to our consolidated financial statements for our direct ownership interests in our Chinese joint ventures, collectively referred to as China JVs.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Years Ended December 31,		
	2012	2011	2010
Total wholesale vehicles (a)	2,909	2,573	2,348
Market share (b)	14.6%	13.6%	12.8%
Total net sales and revenue	$33,364	$30,511	$25,395
Net income	$ 3,198	$ 3,203	$ 2,808

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 5,522	$ 4,679
Debt	$ 123	$ 106

(a) Including vehicles exported to markets outside of China.

(b) Market share for China market.

GME

During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. European automotive industry sales to retail and fleet customers were 19.0 million vehicles in 2012, representing a 5.6% decrease compared to 2011. In 2012 GME's market share declined to 8.5% from 8.7% in 2011 and the region suffered EBIT (loss)-adjusted of $1.8 billion in 2012 compared to EBIT (loss)-adjusted of $0.7 billion in 2011. During this timeframe, we began to experience deterioration in cash flows.

In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and Peugeot S.A. (PSA), as subsequently discussed. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external factors which are outside of our control. We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan, which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets and adjusted the carrying amounts and recorded impairment charges of $5.5 billion. As we have reduced the carrying amount of these assets by $5.5 billion, depreciation and amortization expense will be reduced in future periods, including approximately $0.6 billion in the year ending December 31, 2013, which may result in an increase in our reported EBIT-adjusted in GME in subsequent periods. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on our real and personal property and intangible asset impairment charges.

Alliance with PSA

In February 2012 we entered into an agreement with PSA to create a long-term and broad-scale global strategic alliance that is expected to leverage the combined strengths and capabilities of the two companies, contribute to our profitability and improve our competitiveness in Europe. In March 2012 we acquired a seven percent equity stake in PSA for $0.4 billion; against which we recorded impairment charges of $0.2 billion in the three months ended December 31, 2012. In June 2012 we entered into a long-term exclusive service agreement with Gefco, a wholly-owned subsidiary of PSA, to provide logistics services in Europe beginning in 2013. In December 2012 PSA sold its controlling interest in Gefco to an unrelated third-party, however the sale has no impact to the long-term exclusive service agreement. In December 2012 we entered into a product development agreement to jointly develop and share certain vehicle platforms, components and modules; and we also signed a definitive agreement to create a joint purchasing organization in Europe supported by a purchasing joint venture for the sourcing of commodities, components and other goods and services based on the combined purchasing reach of both companies to realize purchasing synergies.

Purchase of Common Stock

In December 2012 we purchased 200 million shares of our common stock from the UST for total consideration of $5.5 billion. We recorded a charge of $0.4 billion in Other automotive expenses, net, which represents a premium to the prior day's closing price. The UST agreed to irrevocably waive certain of its rights under the stockholders agreement by and among us and certain other stockholders and covenants under the UST Credit Agreement as part of the transaction to purchase our common stock. These rights and covenants included, among other items, a reduction in certain reporting requirements and a release from the vitality commitment which contained certain manufacturing volume requirements. Additionally, the UST publicly announced its intention to sell the remainder of its holdings of our common stock within 12 to 15 months after the execution of this transaction subject to market conditions.

UST Invested Capital

UST invested capital totaled $49.5 billion, representing the cumulative amount of cash received by Old GM from the UST under the UST Loan Agreement and the debtor-in-possession credit agreement, excluding $0.4 billion which the UST loaned to Old GM under the warranty program and which was repaid on July 10, 2009. This balance also did not include amounts advanced under the UST Ally Financial Loan as the UST exercised its option to convert this loan into Ally Financial preferred membership interests previously held by Old GM in May 2009. At December 31, 2012 the UST had received cumulative proceeds of $28.6 billion from debt repayments, interest payments, Series A Preferred Stock dividends, sales of our common stock and Series A Preferred Stock redemption. The UST's invested capital less proceeds received totals $20.9 billion at December 31, 2012.

Restructuring Activities, Special Attrition Programs, Labor Agreements and Benefit Plan Changes

We have previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities.

Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of \$0.4 billion and had affected a total of 2,550 employees, of which \$0.3 billion related to a program initiated in Germany in 2010. This program was essentially completed in 2012. We expect to complete the active programs in 2013 and incur an additional \$0.2 billion, which will affect an additional 700 employees.

In the year ended December 31, 2012 GMIO and GMSA each recorded charges of \$0.1 billion related to additional separation programs implemented in Korea, Australia and Brazil.

2012 CAW Labor Agreement

In September 2012 we entered into a collective bargaining labor agreement with the Canadian Auto Workers Union (CAW), which was ratified in September 2012. The agreement covers the wages, hours, benefits and other terms and conditions of employment of the CAW represented employees. The key terms and provisions of the agreement are:

- Lump-sum payments of Canadian Dollar (CAD) \$3,000 to certain CAW employees were made in October 2012 and additional lump-sum payments of CAD \$2,000 will be paid annually in December of 2013, 2014, and 2015. The lump-sum payments will be amortized over the four year agreement.
- Hourly employees who retire on or after January 1, 2013 will be offered a new lump-sum distribution option at retirement in the defined benefit pension plan and new hires will be covered by a hybrid defined benefit/defined contribution pension plan. The lump-sum payment option had an insignificant effect on the defined benefit pension plan and has been recognized in the year-end plan remeasurement for 2012.
- Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. This may range up to \$0.1 billion and will be included in our restructuring liability, net of existing liabilities, upon irrevocable acceptance by both parties.
- During the life of the agreement and subject to market conditions and demand, we plan to make total manufacturing program investments of \$0.7 billion.

2011 GM-UAW Labor Agreement

In September 2011 we entered into a collective bargaining labor agreement with the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The agreement covers the wages, hours, benefits and other terms and conditions of employment for our UAW represented employees. The key terms and provisions of the agreement are:

- Lump-sum payments totaling \$0.4 billion to eligible U.S. hourly employees in 2011 through 2014. The lump-sum payments are being amortized over the four year agreement period.
- Termination in 2012 of a cash balance pension plan for entry level employees. Participants in this plan and all employees hired on or after October 1, 2007 participate in a defined contribution plan.
- A plan which provides legal services to U.S. hourly employees and retirees will be terminated on December 31, 2013. In September 2011 we remeasured this plan resulting in a decrease of \$0.3 billion in the other postretirement benefits (OPEB) liability and a corresponding pre-tax increase in the prior service credit component of Accumulated other comprehensive income, which will be amortized through December 31, 2013.

- The profit sharing plan formula is based on GMNA earnings before interest and taxes (EBIT)-adjusted and was effective beginning with the 2011 plan year. The profit sharing payment is capped at $12,000 per employee per year.
- Cash severance incentive programs which were completed in March 2012. A total of 1,400 skilled trades employees participated in the program at a total cost of $0.1 billion. Substantially all of the program cost was recorded in the three months ended March 31, 2012.
- During the four year agreement period we plan to make additional manufacturing investments of more than $2.0 billion to create or retain more than 6,300 UAW jobs.

Canadian Health Care Trust

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent Canadian Health Care Trust (HCT) was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement, and recorded a gain of $0.7 billion. Refer to Note 18 to our consolidated financial statements for further details regarding the implementation of the HCT.

Benefit Plan Changes

U.S. Salaried Defined Benefit Pension Plan

In January 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. This amendment resulted in a curtailment which decreased the pension liability and decreased the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $0.3 billion. Active plan participants receive additional contributions in the defined contribution plan starting in October 2012.

In August 2012 the salaried pension plan was amended to divide the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. After the amendment the original salaried pension plan (Retiree Plan) covers the majority of retirees currently receiving payments. As a result of this amendment a remeasurement of the Retiree Plan on August 1, 2012 increased the pension liability and the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $0.7 billion, due primarily to a decrease in the discount rate from 4.21% to 3.37% on a weighted-average basis, partially offset by actual asset returns in excess of expected amounts.

In August 2012 lump-sum distributions of $3.6 billion were made from the Retiree Plan to 12,500 plan participants resulting in a partial plan settlement necessitating a plan remeasurement for the Retiree Plan on August 31, 2012. The settlement resulted in a pre-tax loss of $0.1 billion. The effect on our financial condition was insignificant.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company and paid a total annuity premium of $25.1 billion and the Retiree Plan settled two other previously guaranteed obligations, with separate insurance companies, totaling $1.9 billion. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants in the Retiree Plan and assume all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these annuity purchase transactions we have settled the remaining obligations of the Retiree Plan in their entirety resulting in a pre-tax settlement loss of $2.5 billion ($2.1 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of $0.4 billion, and the premium paid to the insurance company of $2.1 billion. The tax benefit of $0.4 billion is composed of the statutory tax benefit of $1.0 billion offset by tax expense of $0.6 billion primarily associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit). The ongoing annual impact to earnings will be $0.2 billion unfavorable due to a decrease in pension income.

Canadian Salaried Defined Benefit Plans

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012. Active plan participants began receiving additional contributions in the defined contribution plan in January 2013. We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries utilize the U.S. Dollar as their functional currency because of the hyperinflationary status of the Venezuelan economy. The Venezuelan government has introduced foreign exchange control regulations which make it more difficult to convert Bolivar Fuerte (BsF) to U.S. Dollars. These regulations affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates.

In February 2013 the Venezuelan government announced that the official fixed exchange rate of BsF 4.3 to $1.00 would be changed to BsF 6.3 to $1.00. The devaluation did not have an effect on the 2012 consolidated financial statements; however, the devaluation will require remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities in the three months ending March 31, 2013. The devaluation effective date is February 13, 2013 and is expected to result in a charge in the range of $0.1 billion to $0.2 billion.

Refer to Note 2 to our consolidated financial statements for additional details regarding amounts pending government approval for settlement and the net assets of our Venezuelan subsidiaries.

Sale of Class A Membership in New Delphi

In March 2011 we sold 100% of our Class A Membership Interests in Delphi Automotive LLP (New Delphi) for $3.8 billion. We recorded a gain of $1.6 billion related to the sale. Refer to Note 10 to our consolidated financial statements for further details.

Consolidating Results of Operations
(Dollars in Millions)

	Year Ended December 31, 2012				Year Ended December 31, 2011				Year Ended December 31, 2010			
	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated
Net sales and revenue												
Automotive sales and revenue	$150,293	$ —	$ 2	$150,295	$148,869	$ —	$ (3)	$148,866	$135,311	$ —	$—	$135,311
GM Financial revenue	—	1,961	—	1,961	—	1,410	—	1,410	—	281	—	281
Total net sales and revenue	150,293	1,961	2	152,256	148,869	1,410	(3)	150,276	135,311	281	—	135,592
Costs and expenses												
Automotive cost of sales	140,223	—	13	140,236	130,386	—	—	130,386	118,768	—	—	118,768
GM Financial operating expenses	—	418	—	418	—	339	—	339	—	87	—	87
GM Financial interest expenses	—	283	—	283	—	204	—	204	—	37	—	37
GM Financial other expenses	—	516	(10)	506	—	245	(3)	242	—	28	—	28
Automotive selling, general and administrative expense	13,593	—	—	13,593	12,105	—	—	12,105	11,446	—	—	11,446
Other automotive expenses, net	438	—	—	438	58	—	—	58	118	—	—	118
Goodwill impairment charges	27,145	—	—	27,145	1,286	—	—	1,286	—	—	—	—
Total costs and expenses	181,399	1,217	3	182,619	143,835	788	(3)	144,620	130,332	152	—	130,484
Operating income (loss)	(31,106)	744	(1)	(30,363)	5,034	622	—	5,656	4,979	129	—	5,108
Automotive interest expense	489	—	—	489	540	—	—	540	1,098	—	—	1,098
Interest income and other non-operating income, net	845	—	—	845	851	—	—	851	1,531	—	—	1,531
Gains (losses) on extinguishment of debt	(250)	—	—	(250)	18	—	—	18	196	—	—	196
Income (loss) before income taxes and equity income	(31,000)	744	(1)	(30,257)	5,363	622	—	5,985	5,608	129	—	5,737
Income tax expense (benefit)	(35,007)	177	(1)	(34,831)	(295)	185	—	(110)	633	39	—	672
Equity income, net of tax and gain on investments	1,562	—	—	1,562	3,192	—	—	3,192	1,438	—	—	1,438
Net income	5,569	567	—	6,136	8,850	437	—	9,287	6,413	90	—	6,503
Net (income) loss attributable to noncontrolling interests	52	—	—	52	(97)	—	—	(97)	(331)	—	—	(331)
Net income attributable to stockholders	$ 5,621	$ 567	$ —	$ 6,188	$ 8,753	$ 437	$—	$ 9,190	$ 6,082	$ 90	$—	$ 6,172

Production and Vehicle Sales Volume

Management believes that production volume and vehicle sales data provide meaningful information regarding our automotive operating results. Production volumes manufactured by our assembly facilities are generally aligned with current period net sales and revenue, as we generally recognize revenue upon the release of the vehicle to the carrier responsible for transporting it to a dealer, which is shortly after the completion of production. Vehicle sales data, which includes retail and fleet sales, does not correlate directly to the revenue we recognize during the period. However, vehicle sales data is indicative of the underlying demand for our vehicles, and is the basis for our market share.

The tables which summarize production volume and sales of new motor vehicles and competitive position are presented in “Item 1. Business.”

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Management believes EBIT-adjusted provides meaningful supplemental information regarding our automotive segments’ operating results because it excludes interest income, expense and income taxes as well as certain additional amounts. Management does not consider these excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes. Such adjustments include impairment charges related to goodwill and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments. Management believes this measure allows it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe EBIT-adjusted is useful in allowing for greater transparency of our core operations and is therefore used by management in its financial and operational decision-making.

While management believes that EBIT-adjusted provides useful information, it is not an operating measure under U.S. GAAP and there are limitations associated with its use. Our calculation of EBIT-adjusted may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result, the use of EBIT-adjusted has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to stockholders. Due to these limitations, EBIT-adjusted is used as a supplement to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial’s operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

In 2012 we recorded losses on extinguishment of debt within Corporate for segment reporting purposes, and they are excluded from EBIT-adjusted. Previously gains and losses on extinguishment of debt were recorded within the applicable automotive segments. This change is consistent with how management currently views the results of our operations.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income attributable to stockholders and provides supplemental detail of the adjustments, which are presented net of noncontrolling interests (dollars in millions):

	Years Ended December 31,					
	2012		2011		2010	
Automotive						
EBIT-adjusted						
GMNA (a)	$ 6,953	97.7%	$7,194	93.6%	$ 5,688	82.4%
GME (a)	(1,797)	(25.3)%	(747)	(9.7)%	(1,953)	(28.3)%
GMIO (a)	2,191	30.8%	1,897	24.7%	2,262	32.8%
GMSA (a)	271	3.8%	(122)	(1.6)%	818	11.9%
Corporate and eliminations	(502)	(7.0)%	(540)	(7.0)%	86	1.2%
Total automotive EBIT-adjusted	7,116	100.0%	7,682	100.0%	6,901	100.0%
Adjustments	(36,106)		861		447	
Corporate interest income	343		455		465	
Automotive interest expense	489		540		1,098	
Loss on extinguishment of debt	250					
Automotive Financing						
GM Financial income before income taxes	744		622		129	
Consolidated						
Eliminations	(1)		—		—	
Income tax expense (benefit)	(34,831)		(110)		672	
Net income attributable to stockholders	$ 6,188		$9,190		$ 6,172	

(a) Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.

	Year Ended December 31, 2012					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Goodwill impairment charges	$(26,399)	$ (590)	$(132)	$—	$ —	$(27,121)
Impairment charges of property	—	(3,714)	—	—	—	(3,714)
Impairment charges of intangible assets	—	(1,755)	—	—	—	(1,755)
Pension settlement charges	(2,662)	—	—	—	—	(2,662)
Premium paid to purchase our common stock from the UST	—	—	—	—	(402)	(402)
GM Korea hourly wage litigation	—	—	(336)	—	—	(336)
Impairment charge related to investment in PSA	—	(220)	—	—	—	(220)
Income related to various insurance recoveries	9	7	112	27	—	155
Charge to record General Motors Strasbourg S.A.S. (GMS) assets and liabilities to estimated fair value	—	(119)	—	—	—	(119)
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	68	—	—	68
Total adjustments to EBIT	$(29,052)	$(6,391)	$(288)	$27	$(402)	$(36,106)

	Year Ended December 31, 2011					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on sale of our New Delphi Class A Membership Interests	$1,645	$ —	$ —	$—	$ —	$ 1,645
Goodwill impairment charges	—	(1,016)	(258)	—	—	(1,274)
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555)	(555)
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to HKJV	—	—	(106)	—	—	(106)
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments to EBIT	$2,394	$(1,016)	$(364)	$63	$(216)	$ 861

	Year Ended December 31, 2010					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on extinguishment of VEBA Note	$ —	$ —	$ —	$—	$ 198	$ 198
Gain on sale of Saab	—	123	—	—	—	123
Gain on acquisition of GMS	—	66	—	—	—	66
Gain on sale of Nexteer Automotive Corporation (Nexteer)	60	—	—	—	—	60
Total adjustments to EBIT	$ 60	$ 189	$ —	$—	$ 198	$ 447

Total Net Sales and Revenue
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
GMNA	$ 94,595	$ 90,233	$ 83,035	$ 4,362	4.8%	$ 7,198	8.7%
GME	22,050	26,757	24,076	(4,707)	(17.6)%	2,681	11.1%
GMIO	27,690	24,761	20,561	2,929	11.8%	4,200	20.4%
GMSA	16,950	16,877	15,379	73	0.4%	1,498	9.7%
GM Financial	1,961	1,410	281	551	39.1%	1,129	n.m.
Total operating segments	163,246	160,038	143,332	3,208	2.0%	16,706	11.7%
Corporate and eliminations	(10,990)	(9,762)	(7,740)	(1,228)	(12.6)%	(2,022)	26.1%
Total net sales and revenue	$152,256	$150,276	$135,592	$ 1,980	1.3%	$14,684	10.8%

n.m. = not meaningful

In the year ended December 31, 2012 Total net sales and revenue increased by $2.0 billion (or 1.3%) due primarily to: (1) favorable vehicle mix of $3.7 billion; (2) favorable vehicle pricing effect of $1.6 billion; (3) increased wholesale volumes of $1.5 billion; (4) increased GM Financial finance income of $0.6 billion; partially offset by (5) unfavorable net foreign currency effect of $3.7 billion due to the weakening of certain currencies against the U.S. Dollar; (6) decreased revenues from powertrain and parts sales of $0.7 billion due to decreased volumes; (7) reduction in favorable lease residual adjustments of $0.5 billion; (8) decreased revenues from rental car leases of $0.2 billion; and (9) decreased revenues due to the deconsolidation of VM Motori (VMM) in June 2011 of $0.1 billion.

In the year ended December 31, 2011 Total net sales and revenue increased by $14.7 billion (or 10.8%) due primarily to: (1) increased wholesale volumes of $8.6 billion representing 403,000 vehicles; (2) favorable net foreign currency effect of $2.6 billion due to the strengthening of certain currencies against the U.S. Dollar; (3) favorable vehicle pricing effect of $1.6 billion due to model year price increases and reduced sales allowances; (4) increased finance income of $1.1 billion due to the acquisition of GM

Financial; (5) increased revenues from powertrain and parts sales of $1.1 billion due to increased volumes; (6) favorable vehicle mix of $0.6 billion; and (7) increased revenue of $0.4 billion due to the acquisition of GMS; partially offset by (8) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

Automotive Cost of Sales

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive cost of sales	$140,236	$130,386	$118,768	$ 9,850	7.6%	$11,618	9.8%
Automotive gross margin	$ 10,059	$ 18,480	$ 16,543	$(8,421)	(45.6)%	$ 1,937	11.7%

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount excluding adjustments. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, product warranty and recall campaigns.

In the year ended December 31, 2012 Automotive cost of sales increased by $9.9 billion (or 7.6%) due primarily to: (1) unfavorable vehicle mix of $4.1 billion; (2) increased employee costs of $4.1 billion including increased pension settlement losses and decreased net pension and OPEB income and separation costs; (3) impairment charges of $3.7 billion for long-lived assets and intangible assets; (4) increased manufacturing expense of $1.4 billion due to new launches; (5) increased costs of $0.6 billion related to increased wholesale volumes; (6) increased policy and product warranty expense of $0.2 billion; partially offset by (7) favorable net foreign currency effect of $3.3 billion due to the weakening of certain currencies against the U.S. Dollar; (8) decreased engineering expense of $0.5 billion; (9) decreased costs of $0.3 billion related to powertrain and parts sales; and (10) decreased costs of $0.1 billion due to the deconsolidation of VMM in June 2011.

In the year ended December 31, 2011 Automotive cost of sales increased by $11.6 billion (or 9.8%), in line with Total net sales and revenue, due primarily to: (1) increased costs related to wholesale volume increases of $6.3 billion; (2) unfavorable net foreign currency effect of $2.4 billion due to the strengthening of certain currencies against the U.S. Dollar; (3) unfavorable vehicle mix of $2.3 billion; (4) increased material, freight and manufacturing costs of $1.7 billion due to higher commodity prices and to support new vehicle launches; (5) increased costs of $0.8 billion related to powertrain and parts sales; (6) increased engineering costs of $0.7 billion to support new product development; (7) revisions to restructuring reserves of $0.4 billion related to higher than planned employee utilization in 2010 which did not recur in 2011; and (8) increased costs of $0.3 billion due to the acquisition of GMS; partially offset by (9) decreased costs of $0.9 billion due to the sale of Nexteer in November 2010; (10) decreased depreciation and amortization expense of $0.8 billion related to the amortization of technology intangibles and impairment charges for long-lived assets; (11) a gain of $0.7 billion related to the settlement of the HCT in 2011; (12) decreased restructuring charges of $0.5 billion related to our European operations; and (13) increased net pension and OPEB income of $0.3 billion due to plan remeasurements.

Automotive Selling, General and Administrative Expense

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive selling, general and administrative expense	$13,593	$12,105	$11,446	$1,488	12.3%	$659	5.8%

In the year ended December 31, 2012 Automotive selling, general and administrative expense increased by $1.5 billion (or 12.3%) due primarily to (1) impairment charges for intangibles and long-lived assets of $1.8 billion; partially offset by (2) favorable net foreign currency effect of $0.3 billion due to the weakening of certain currencies against the U.S. Dollar.

In the year ended December 31, 2011 Automotive selling, general and administrative expense increased by $0.7 billion (or 5.8%) due primarily to: (1) increased advertising and sales promotion expenses of $0.5 billion to support media campaigns and new product launches; (2) unfavorable net foreign exchange effect of $0.2 billion due to the strengthening of certain currencies against the U.S. Dollar; and (3) charges of $0.1 billion related to a single customer's default under various commercial supply agreements; partially offset by (4) legal and other expenses of $0.1 billion primarily related to dealer litigation in 2010 which did not recur in 2011.

Other Automotive Expenses, net

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Other automotive expenses, net	$438	$58	$118	$380	n.m.	$(60)	(50.8)%

n.m. = not meaningful

In the year ended December 31, 2012 Other automotive expenses, net increased by $0.4 billion due primarily to the premium paid of $0.4 billion on the common stock purchase from the UST.

In the year ended December 31, 2011 Other automotive expenses, net was insignificant.

Goodwill Impairment Charges

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Goodwill impairment charges	$27,145	$1,286	$—	$25,859	n.m.	$1,286	n.m.

n.m. = not meaningful

In the year ended December 31, 2012 the Goodwill impairment charges increased by $25.9 billion as we recorded charges of $26.4 billion, $0.6 billion and $0.2 billion in GMNA, GME and GMIO in 2012 as compared to $1.0 billion and $0.3 billion in GME and GMIO in 2011. Refer to Note 12 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

Automotive Interest Expense

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Automotive interest expense	$489	$540	$1,098	$(51)	(9.4)%	$(558)	(50.8)%

In the year ended December 31, 2012 the decrease in Automotive interest expense was insignificant, as the composition of our debt and related interest rates did not change significantly.

In the year ended December 31, 2011 Automotive interest expense decreased by $0.6 billion (or 50.8%) due primarily to: (1) decreased interest expense related to the UST Credit Agreement, Canadian Loan Agreement (Canadian Loan) and VEBA Note Agreement (VEBA Notes) of $0.3 billion in 2010 which did not recur in 2011; and (2) decreased interest expense related to obligations with Ally Financial of $0.2 billion in 2010.

Interest Income and Other Non-Operating Income, net

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Interest income and other non-operating income, net	$845	$851	$1,531	$(6)	(0.7)%	$(680)	(44.4)%

In the year ended December 31, 2012 Interest income and other non-operating income, net decreased due primarily to: (1) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock in 2011 which did not recur in 2012; (2) an impairment charge of $0.2 billion related to our investment in PSA; (3) a charge of $0.1 billion to record GMS assets and liabilities to estimated fair value; (4) decreased interest income of $0.1 billion; (5) derivative losses of $0.1 billion related to fair value adjustments; partially offset by (6) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock in 2011 which did not recur in 2012; (7) income related to insurance recoveries of $0.2 billion.

In the year ended December 31, 2011 Interest income and other non-operating income, net decreased by $0.7 billion (or 44.4%) due primarily to: (1) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock; (2) a gain on the reversal of an accrual for contingently issuable shares of our common stock to MLC (Adjustment Shares) of $0.2 billion in 2010 which did not recur in 2011; (3) gains on the sale of Saab Automobile AB and Saab Automobile GB (collectively Saab) and Nexteer of $0.2 billion in 2010 which did not recur in 2011; and (4) a gain on the acquisition of GMS of $0.1 in 2010 which did not recur in 2011; partially offset by (5) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock.

Gains (Losses) on Extinguishment of Debt

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Gains (losses) on extinguishment of debt	$(250)	$18	$196	$(268)	n.m.	$(178)	(90.8)%

n.m. = not meaningful

In the year ended December 31, 2012, we recorded a loss on extinguishment of debt of $0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In the year ended December 31, 2010 Gain on extinguishment of debt included a gain of $0.2 billion resulting from our repayment of the outstanding amount of VEBA Notes of $2.8 billion.

Income Tax Expense (Benefit)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Income tax expense (benefit)	$(34,831)	$(110)	$672	$(34,721)	n.m.	$(782)	n.m.

n.m. = not meaningful

In the year ended December 31, 2012 income tax benefit increased by $34.7 billion due primarily to: (1) deferred tax asset valuation allowance reversals of $36.3 billion in the U.S. and Canada in 2012 as compared to $0.5 billion in Australia in 2011; and (2) change in U.S. federal tax elections which permitted us to record a tax benefit of $1.1 billion related to foreign tax credits; partially offset by (3) current year U.S. income tax provision of $1.4 billion; and (4) income tax allocation from Accumulated other comprehensive loss to Income tax expense (benefit) of $0.6 billion related to the U.S. salary pension plan.

In the year ended December 31, 2011 income tax benefit of $0.1 billion decreased by $0.8 billion compared to income tax expense of $0.7 billion in 2010 due primarily to: (1) a $0.5 billion valuation allowance reversal in Australia; and (2) an increase in recognition of previously unrecognized tax benefits of $0.2 billion which included reductions to interest expense and associated valuation allowances.

Refer to Note 21 to our consolidated financial statements for additional information related to our income tax expense (benefit).

Equity Income, Net of Tax and Gain on Investments

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
China JVs	$1,521	$1,511	$1,297	$ 10	0.7%	$ 214	16.5%
New Delphi (including gain on disposition)	—	1,727	117	(1,727)	n.m.	1,610	n.m.
Others	41	(46)	24	87	n.m.	(70)	n.m.
Total equity income, net of tax and gain on investments	$1,562	$3,192	$1,438	$(1,630)	(51.1)%	$1,754	122.0%

n.m. = not meaningful

In the year ended December 31, 2012 Equity income, net of tax and gain on investments decreased by $1.6 billion (or 51.1%) due primarily to: (1) a $1.6 billion gain related to the sale of our New Delphi Class A Membership Interests and related equity income for the year ended December 31, 2011 that did not recur for the year ended December 31, 2012. Income from our China JVs increased slightly.

In the year ended December 31, 2011 Equity income, net of tax and gain on investments increased by $1.8 billion (or 122.0%) due primarily to a gain of $1.6 billion related to the sale of our New Delphi Class A Membership Interests and increased equity income related to our China JVs of $0.2 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidating Financial Condition
(In millions, except share amounts)

	December 31, 2012				December 31, 2011			
	Automotive	GM Financial	Eliminations	Consolidated	Automotive	GM Financial	Eliminations	Consolidated
ASSETS								
Current Assets								
Cash and cash equivalents	$ 17,133	$ 1,289	$ —	$ 18,422	$ 15,499	$ 572	$ —	$ 16,071
Marketable securities	8,988	—	—	8,988	16,148	—	—	16,148
Restricted cash and marketable securities	220	466	—	686	206	799	—	1,005
Accounts and notes receivable, net	10,384	34	(23)	10,395	9,949	52	(37)	9,964
GM Financial finance receivables, net	—	4,089	(45)	4,044	—	3,251	—	3,251
Inventories	14,714	—	—	14,714	14,324	—	—	14,324
Equipment on operating leases, net	1,782	—	—	1,782	2,464	—	—	2,464
Deferred income taxes	9,369	59	1	9,429	526	1	—	527
Other current assets	1,487	60	(11)	1,536	1,131	45	(7)	1,169
Total current assets	64,077	5,997	(78)	69,996	60,247	4,720	(44)	64,923
Non-current Assets								
Restricted cash and marketable securities	380	302	—	682	912	316	—	1,228
GM Financial finance receivables, net	—	6,955	(1)	6,954	—	5,911	—	5,911
Equity in net assets of nonconsolidated affiliates	6,883	—	—	6,883	6,790	—	—	6,790
Property, net	24,144	52	—	24,196	22,957	47	1	23,005
Goodwill	695	1,278	—	1,973	27,741	1,278	—	29,019
Intangible assets, net	6,809	—	—	6,809	10,013	1	—	10,014
GM Financial equipment on operating leases, net	—	1,703	(54)	1,649	—	809	(24)	785
Deferred income taxes	27,883	38	1	27,922	514	(2)	—	512
Other assets	2,873	43	(558)	2,358	2,686	32	(302)	2,416
Total non-current assets	69,667	10,371	(612)	79,426	71,613	8,392	(325)	79,680
Total Assets	$133,744	$16,368	$(690)	$149,422	$131,860	$13,112	$(369)	$144,603
LIABILITIES AND EQUITY								
Current Liabilities								
Accounts payable (principally trade)	$ 25,132	$ 57	$ (23)	$ 25,166	$ 24,531	$ 58	$ (38)	$ 24,551
Short-term debt and current portion of long-term debt								
Automotive	1,792	—	(44)	1,748	1,682		—	1,682
GM Financial	—	3,770	—	3,770	—	4,118	—	4,118
Accrued liabilities	23,168	170	(30)	23,308	22,767	119	(11)	22,875
Total current liabilities	50,092	3,997	(97)	53,992	48,980	4,295	(49)	53,226
Non-current Liabilities								
Long-term debt								
Automotive	3,425	—	(1)	3,424	3,613	—	—	3,613
GM Financial	—	7,108	—	7,108	—	4,420	—	4,420
Postretirement benefits other than pensions	7,309	—	—	7,309	6,836	—	—	6,836
Pensions	27,420	—	—	27,420	25,075	—	—	25,075
Other liabilities and deferred income taxes	13,048	712	(591)	13,169	12,355	406	(319)	12,442
Total non-current liabilities	51,202	7,820	(592)	58,430	47,879	4,826	(319)	52,386
Total Liabilities	101,294	11,817	(689)	112,422	96,859	9,121	(368)	105,612
Commitments and contingencies								
Equity								
Preferred stock, $0.01 par value								
Series A	5,536	—	—	5,536	5,536	—	—	5,536
Series B	4,855	—	—	4,855	4,855	—	—	4,855
Common stock, $0.01 par value	14	—	—	14	16	—	—	16
Capital surplus (principally additional paid-in capital)	23,834	—	—	23,834	26,391	—	—	26,391
Retained earnings	5,503	4,554	—	10,057	3,186	3,998	(1)	7,183
Accumulated other comprehensive loss	(8,048)	(3)	(1)	(8,052)	(5,854)	(7)	—	(5,861)
Total stockholders' equity	31,694	4,551	(1)	36,244	34,130	3,991	(1)	38,120
Noncontrolling interests	756	—	—	756	871	—	—	871
Total Equity	32,450	4,551	(1)	37,000	35,001	3,991	(1)	38,991
Total Liabilities and Equity	$133,744	$16,368	$(690)	$149,422	$131,860	$13,112	$(369)	$144,603

Current Assets

Marketable securities decreased by $7.2 billion (or 44.3%) due primarily to our reinvesting in shorter-term cash equivalents as these marketable securities matured to rebalance our securities portfolio in the normal course of business.

GM Financial finance receivables, net increased by $0.8 billion (or 24.4%) due primarily to an increase of new originations and purchases of consumer and commercial finance receivables, partially offset by principal collections.

Equipment on operating lease, net decreased by $0.7 billion (or 27.7%) due primarily to depreciation expense and impairment charges of $0.4 billion in the year ended December 31, 2012 and a net decrease of $0.3 billion in vehicles under lease.

Deferred income taxes increased by $8.9 billion due primarily to the valuation allowance reversals in the U.S. and Canada.

Non-Current Assets

Restricted cash and marketable securities decreased by $0.5 billion (or 44.5%) due primarily to the release of restricted cash and marketable securities that previously served as collateral on various performance guarantees that are no longer required.

GM Financial finance receivables, net increased by $1.0 billion (or 17.6%) due primarily to an increase of new originations and purchases of consumer and commercial finance receivables, partially offset by expected principal payments considered current.

Goodwill decreased by $27.0 billion (or 93.2%) due to the impairment charges in GMNA of $26.4 billion and in GME of $0.6 billion and GMIO of $0.2 billion; partially offset by additions of $0.1 billion related to the acquisition of SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively HKJV).

Intangible assets, net decreased by $3.2 billion (or 32.0%) due primarily to impairment charges in GME of $1.8 billion and amortization of $1.6 billion; partially offset by additions of $0.1 billion related to the acquisition of HKJV.

GM Financial equipment on operating leases, net increased by $0.9 billion (or 110.1%) due primarily to a net increase in leased vehicles purchased in the U.S. and Canada of $1.2 billion; partially offset by depreciation of $0.2 billion.

Deferred income taxes increased by $27.4 billion due primarily to the valuation allowance reversals in the U.S. and Canada.

Non-Current Liabilities

GM Financial long-term debt increased by $2.7 billion (or 60.8%) due primarily to: (1) the issuance of securitization notes payable of $4.1 billion; (2) the issuance of 4.75% senior notes of $1.0 billion; partially offset by (3) long-term debt reclassed to current of $2.5 billion.

GM North America
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	**2011**	**2010**	**Amount**	**%**	**Amount**	**%**
Total net sales and revenue	$94,595	$90,233	$83,035	$4,362	4.8%	$7,198	8.7%
EBIT-adjusted	$ 6,953	$ 7,194	$ 5,688	$ (241)	(3.4)%	$1,506	26.5%

GMNA Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue increased by $4.4 billion (or 4.8%) due primarily to: (1) increased wholesale volumes of $3.9 billion representing 156,000 vehicles (or 4.9%) due to increased industry demand and successful recent vehicle launches such as the Buick Verano, Cadillac ATS, Cadillac XTS, Chevrolet Sonic and Chevrolet Spark; (2) favorable vehicle mix of $1.1 billion; and (3) favorable vehicle pricing of $0.5 billion; partially offset by (4) reduction in favorable lease residual adjustments of $0.5 billion; and (5) unfavorable net foreign currency effect of $0.2 billion due to the weakening of the CAD and Mexican Peso against the U.S. Dollar.

In the year ended December 31, 2011 Total net sales and revenue increased by $7.2 billion (or 8.7%) due primarily to: (1) increased wholesale volumes of $7.3 billion representing 299,000 vehicles (or 10.3%) due to increased industry demand and successful recent vehicle launches such as the Chevrolet Cruze, Chevrolet Equinox and GMC Terrain; (2) favorable vehicle pricing of $1.1 billion; (3) increased revenues from Customer Care and Aftersales of $0.4 billion due to increased volumes; and (4) favorable net foreign currency effect of $0.3 billion due to the strengthening of the CAD against the U.S. Dollar; partially offset by (5) unfavorable vehicle mix of $1.1 billion; and (6) decreased revenue of $1.0 billion due to the sale of Nexteer in November 2010.

GMNA EBIT -Adjusted

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks sold in the U.S. currently have a variable profit of approximately 150% of our portfolio on a weighted-average basis. Crossover vehicles' variable profits are in line with the overall portfolio on a weighted-average basis, and cars are approximately 50% of the portfolio on a weighted-average basis.

In the year ended December 31, 2012 EBIT-adjusted decreased by $0.2 billion (or 3.4%) due primarily to: (1) decrease in U.S. pension income of $0.8 billion due to December 31, 2011 plan remeasurements; (2) increase in manufacturing expense, including new launches, of $0.6 billion; (3) reduction in favorable lease residual adjustments of $0.5 billion; (4) unfavorable net vehicle mix of $0.3 billion; and (5) unfavorable policy and warranty adjustments of $0.2 billion; partially offset by (6) increased net wholesale volumes of $1.1 billion due to increased industry demand and successful recent vehicle launches; (7) favorable vehicle pricing effect of $0.5 billion; (8) decreased material prices and freight of $0.4 billion; and (9) decreased engineering expense and other technology fees of $0.3 billion.

In the year ended December 31, 2011 EBIT-adjusted increased by $1.5 billion (or 26.5%) due primarily to: (1) increased net wholesale volumes of $1.9 billion due to increased industry demand and successful recent vehicle launches; (2) favorable vehicle pricing effect of $1.1 billion; (3) decreased amortization expense of $0.7 billion due to the effect of double-declining amortization of technology intangibles which were recorded on July 10, 2009 and impairment charges for long-lived assets in 2010; (4) favorable foreign currency effect of $0.5 billion due to the weakening of the CAD against the U.S. Dollar; and (5) increase in net pension and OPEB income of $0.3 billion due to December 31, 2010 plan remeasurements; partially offset by (6) unfavorable net vehicle mix of $1.8 billion; (7) increased engineering expense and other technology fees of $0.5 billion to support new product development; (8) increased material prices and freight of $0.4 billion; and (9) reduction in favorable adjustments of $0.4 billion to restructuring reserves due to increased production capacity utilization and revisions to productivity initiatives in 2010.

GM Europe
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$22,050	$26,757	$24,076	$(4,707)	(17.6)%	$2,681	11.1%
EBIT (loss)-adjusted	$ (1,797)	$ (747)	$ (1,953)	$(1,050)	n.m.	$1,206	(61.8)%

GME Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue decreased by $4.7 billion (or 17.6%) due primarily to: (1) decreased wholesale volumes of $2.7 billion representing 182,000 vehicles (or 14.4%) due to the weak European economy; (2) unfavorable foreign currency effect of $1.7 billion, due to the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound; (3) decreased parts, accessories and powertrain engine and transmission sales of $0.4 billion associated with lower demand; (4) a decrease of $0.2 billion due to unfavorable price effects primarily resulting from increased incentive support associated with strong competition; (5) a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011; (6) a decrease of $0.1 billion in components sales; partially offset by (7) favorable vehicle mix of $0.5 billion due to the new generation Astra GTC, Opel Mokka, and Ampera and increased sales of other higher priced vehicles.

In the year ended December 31, 2011 Total net sales and revenue increased by $2.7 billion (or 11.1%) due primarily to: (1) favorable foreign currency effect of $1.1 billion, due to the strengthening of the Euro, British Pound and Swiss Franc against the U.S. Dollar; (2) favorable vehicle mix of $1.1 billion due to the new generation Opel Meriva and Opel Astra and increased sales of other higher priced vehicles; (3) revenue from GMS of $0.4 billion, which we acquired in 2010; (4) increased powertrain engine and transmission sales of $0.3 billion, in support of the Chevrolet Cruze and Chevrolet Volt; (5) increased components sales of $0.2 billion; and (6) increased volumes of $0.1 billion due primarily to a 16,000 vehicles (or 1.3%) increase in wholesales; partially offset by (7) a reduction in Saab brand sales of $0.2 billion related to the sale of Saab in 2010; and (8) a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011.

GME EBIT (Loss)-Adjusted

In the year ended December 31, 2012 EBIT (loss)-adjusted increased by $1.1 billion due primarily to: (1) decreased volumes of $0.5 billion; (2) unfavorable net vehicle mix of $0.4 billion; (3) a decrease of $0.2 billion resulting from the net effect of changes in an embedded foreign currency derivative asset associated with a long-term supply agreement; (4) decreased parts, accessories and powertrain engine and transmission sales of $0.2 billion, associated with lower demand; (5) a decrease of $0.2 billion due to unfavorable price effects; partially offset by (6) lower manufacturing and material costs of $0.4 billion and (7) favorable net foreign currency effect of $0.1 billion, due to the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound.

In the year ended December 31, 2011 EBIT (loss)-adjusted decreased by $1.2 billion (or 61.8%) due primarily to: (1) higher restructuring charges of $0.5 billion recorded in 2010 for separation programs in Belgium, Spain, Germany and the United Kingdom; (2) decreased manufacturing costs of $0.3 billion related to the closing of the Antwerp, Belgium facility and European wide labor savings; (3) favorable net vehicle mix of $0.2 billion; (4) an increase of $0.2 billion in an embedded foreign currency exchange derivative asset associated with a long-term supply agreement entered into in 2010; (5) EBIT-adjusted from GMS of $0.1 billion; offset by (6) unfavorable net foreign currency effect of $0.1 billion; and (7) charges of $0.1 billion related to a single customer's default under various commercial supply agreements.

GM International Operations
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$27,690	$24,761	$20,561	$2,929	11.8%	$4,200	20.4%
EBIT-adjusted	$ 2,191	$ 1,897	$ 2,262	$ 294	15.5%	$ (365)	(16.1)%

GMIO Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue increased by $2.9 billion (or 11.8%) due primarily to: (1) increased wholesale volumes of $2.4 billion representing 146,000 vehicles due primarily to strong industry growth across the region; (2) favorable vehicle pricing of $0.8 billion due to higher pricing on new models launched and (3) favorable vehicle mix of $0.4 billion due to increased export of new products; partially offset by (4) unfavorable net foreign currency effect of $0.6 billion due to the weakening of the Korean Won and South Africa Rand against the U.S. Dollar; and (5) unfavorable components, parts and accessories sales of $0.1 billion.

In the year ended December 31, 2011 Total net sales and revenue increased by $4.2 billion (or 20.4%) due primarily to: (1) increased wholesale volume of $2.7 billion representing 113,000 vehicles due to strong industry growth across the region; (2) favorable net foreign currency effect of $0.8 billion due to the strengthening of currencies such as the Australian Dollar, the Korean Won and the Euro against the U.S. Dollar; (3) favorable vehicle mix of $0.5 billion due to launches of the Alpheon and Chevrolet Orlando; and (4) favorable vehicle pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives.

The vehicle sales of our China JVs and of HKJV prior to September 1, 2012, the date we consolidated HKJV, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income, net of tax and gain on investments. Refer to Notes 4 and 10 to our consolidated financial statements for further detail on the acquisition of HKJV.

GMIO EBIT-Adjusted

In the year ended December 31, 2012 EBIT-adjusted increased by $0.3 billion (or 15.5%) due primarily to: (1) favorable pricing of $0.8 billion due to higher pricing on new models launched; (2) favorable net wholesale volumes of $0.5 billion and (3) net gain of $0.1 billion measured as the difference between the fair value of our 50% interest in HKJV and the investment's carrying amount at the date of acquisition; partially offset by (4) increased costs of $0.9 billion due primarily to increased material, freight and manufacturing costs; and (5) unfavorable net vehicle mix of $0.3 billion.

In the year ended December 31, 2011 EBIT-adjusted decreased by $0.4 billion (or (16.1)%) due primarily to: (1) increased engineering expenses and other technology fees of $0.5 billion to support new product development; (2) increased material, depreciation and amortization and other manufacturing costs of $0.3 billion; (3) unfavorable net vehicle mix of $0.2 billion; (4) increased advertising and sales promotion expenses of $0.2 billion to support media campaigns for launches of new products and the launch of the Chevrolet brand in Korea; (5) unfavorable net foreign currency effect of $0.1 billion; partially offset by (6) favorable net wholesale volumes of $0.5 billion; (7) favorable pricing effect of $0.2 billion due to higher pricing on new models launched and lower sales incentives; (8) increased equity income, net of tax, $0.2 billion from the operating results of our China JVs; and (9) decreased non-controlling interest of $0.2 billion attributable to minority shareholders.

GM South America
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$16,950	$16,877	$15,379	$ 73	0.4%	$1,498	9.7%
EBIT (loss)-adjusted	$ 271	$ (122)	$ 818	$393	n.m.	$ (940)	n.m.

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2012 Total net sales and revenue increased by $0.1 billion (or 0.4%) due primarily to: (1) favorable vehicle mix of $1.6 billion due to increased sales of Chevrolet Cruze and Chevrolet S10; (2) favorable vehicle pricing effect of $0.5 billion, primarily in Argentina due to higher inflation and in Venezuela due to the hyperinflationary economy; and (3) increased revenue from parts and accessories sales of $0.1 billion; partially offset by (4) unfavorable net foreign currency effect of $1.5 billion, due to the strengthening of the U.S. dollar against major currencies such as the Brazilian Real and Argentinian Peso; and (5) decreased wholesale volumes of $0.6 billion representing 44,000 vehicles (or 4.0%) due to deteriorated market share driven by increased competition and aggressive pricing in the market.

In the year ended December 31, 2011 Total net sales and revenue increased by $1.5 billion (or 9.7%) due primarily to: (1) increased wholesale volumes of $0.6 billion representing 59,000 vehicles (or 5.7%) due to improved macroeconomic conditions and industry growth throughout the region; (2) favorable net foreign currency effect of $0.5 billion, due to the strengthening of currencies such as the Brazilian Real and Colombian Peso against the U.S. Dollar; (3) favorable vehicle pricing effect of $0.3 billion, due primarily to the hyperinflationary economy in Venezuela; and (4) favorable vehicle mix of $0.1 billion due primarily to increased sales of the Chevrolet Cruze.

GMSA EBIT (Loss)-Adjusted

In the year ended December 31, 2012 EBIT-adjusted was $0.3 billion compared to EBIT (loss)-adjusted of $0.1 billion in the year ended December 31, 2011 due primarily to: (1) favorable net vehicle mix of $0.5 billion due to increased sales of Chevrolet Cruze and Chevrolet S10; (2) favorable vehicle pricing effect of $0.5 billion, primarily in Argentina due to higher inflation and in Venezuela due to the hyperinflationary economy; (3) decreases in contingency reserves of $0.1 billion due to the resolution of certain items at amounts lower than previously expected; and (4) a bargain purchase gain of $50 million on the purchase of GMAC Venezuela; partially offset by (5) increased material, freight and manufacturing costs of $0.5 billion, (6) unfavorable net wholesale volumes of $0.2 billion; and (7) increased administrative and advertising and sales promotion expenses of $0.1 billion to support launches of new products.

In the year ended December 31, 2011 EBIT-adjusted was a loss of $0.1 billion compared to EBIT-adjusted of $0.8 billion in the year ended December 31, 2010 due primarily to: (1) increased material and freight of $0.7 billion; (2) increased manufacturing costs of $0.3 billion; and (3) foreign currency transaction gains of $0.3 billion recorded in 2010 due to preferential foreign currency exchange rates in Venezuela, which were discontinued in 2011; and (4) unfavorable $0.1 billion related to separation costs; partially offset by (5) favorable vehicle pricing effect of $0.3 billion due primarily to the hyperinflationary economy in Venezuela.

In January 2010 the Venezuelan government announced that the official fixed exchange rate of 2.15 BsF to $1.00 would be changed to a dual rate system that includes a 2.60 BsF to $1.00 essentials rate for food, technology and heavy machine importers and a 4.30 BsF to $1.00 non-essentials rate for all others. This devaluation required remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We used a rate of 4.30 BsF to $1.00 to determine the remeasurement, which resulted in a charge of $25 million recorded in Automotive cost of sales in the year ended December 31, 2010.

GM Financial
(Dollars in Millions)

	Years Ended December 31,		Three Months Ended December 31,	Year Ended 2012 vs. 2011 Change	
	2012	2011	2010	Amount	%
Total revenue	$1,961	$1,410	$281	$551	39.1%
Income before income taxes	$ 744	$ 622	$129	$122	19.6%

GM Financial Revenue

In the year ended December 31, 2012 Total revenue increased by $0.6 billion (or 39.1%) due primarily to: (1) increased finance charge income of $0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of $0.2 billion due to the increased size of the leased asset portfolio.

In the year ended December 31, 2011 Total revenue included finance charge income of $1.2 billion and other income of $0.2 billion.

In the three months ended December 31, 2010 Total revenue included finance charge income of $0.3 billion. The effective yield on GM Financial's finance receivables was 12.1% for the three months ended December 31, 2010.

GM Financial Income Before Income Taxes

In the year ended December 31, 2012 Income before income taxes increased by $0.1 billion (or 19.6%) due primarily to: (1) increased revenue of $0.6 billion; partially offset by (2) increased leased vehicle expenses of $0.1 billion due to a larger lease portfolio; (3) increased provision for loan losses of $0.1 billion due to a larger loan portfolio; (4) increased interest expenses of $0.1 billion primarily due to new debt; and (5) increased operating expenses of $0.1 billion due to an increase of personnel to support company growth.

Average debt outstanding in the year ended December 31, 2012 was $9.5 billion and the effective rate of interest of debt was 3.0%.

In the year ended December 31, 2011 results included: (1) Total revenue of $1.4 billion; partially offset by (2) operating and leased vehicle expenses of $0.4 billion; (3) interest expense of $0.2 billion; and (4) provision for loan losses of $0.2 billion. GM Financial's operating expenses are primarily related to personnel costs that include base salary and wages, performance incentives and benefits as well as related employment taxes. Provisions for loan losses are charged to income to bring the allowance for loan losses to a level which management considers adequate to absorb probable credit losses inherent in the portfolio of finance receivables originated since October 1, 2010. Interest expense represents interest paid on GM Financial's warehouse credit facilities, securitization notes payable, and other unsecured debt.

Average debt outstanding in the year ended December 31, 2011 was $7.6 billion and the effective rate of interest of debt was 2.7%.

In the three months ended December 31, 2010 results included: (1) Total revenue of $0.3 billion; partially offset by (2) operating and leased vehicle expenses of $0.1 billion; and; (3) other collectively insignificant items.

Average debt outstanding in the three months ended December 31, 2010 was $7.3 billion and the effective rate of interest debt was 2.0%.

Corporate
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2012 vs. 2011 Change		Year Ended 2011 vs. 2010 Change	
	2012	2011	2010	Amount	%	Amount	%
Total net sales and revenue	$ 40	$ 61	$ 134	$ (21)	(34.4)%	$ (73)	(54.5)%
Net income (loss) attributable to stockholders	$33,814	$(453)	$(877)	$34,267	n.m.	$424	(48.3)%

n.m. = not meaningful

Nonsegment operations are classified as Corporate. Corporate includes an investment in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures, and certain nonsegment specific revenues and expenses.

Corporate Total Net Sales and Revenue

Total net sales and revenue includes revenue earned for portfolio management services performed for third-parties and the change in the year ended December 31, 2012 was insignificant.

In the year ended December 31, 2011 Total net sales and revenue decreased by $0.1 billion (or 54.5%) due primarily to decreased revenue earned on portfolio management services performed for third-parties due to the planned reduction of third-party assets managed and decreased lease financing revenues related to the liquidation of the portfolio of automotive retail leases. Average outstanding retail leases on-hand decreased to a de minimus level at December 31, 2011 compared to 7,000 at December 31, 2010.

Corporate Net Income (Loss) Attributable to Stockholders

In the year ended December 31, 2012 Net income attributable to stockholders increased by $34.3 billion due primarily to: (1) deferred tax asset valuation allowance reversals of $36.3 billion in the U.S and Canada in 2012 as compared to $0.5 billion in Australia in 2011, offset by other 2012 tax-related matters of $0.9 billion; and (2) an impairment charge of $0.6 billion in our investment in Ally Financial common stock in 2011; offset by (3) the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012; (4) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock in 2011; and (5) loss on extinguishment of debt in 2012 of $0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In the year ended December 31, 2011 Net loss attributable to stockholders decreased by $0.4 billion (or 48.3%) due primarily to: (1) an income tax benefit of $0.3 billion compared to income tax expense of $0.6 billion in 2010; (2) decreased interest expense of $0.6 billion due to lower debt balances; and (3) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock; offset by (4) an impairment charge of $0.6 billion on our investment in Ally Financial common stock; (5) gains on the extinguishment of debt of $0.2 billion related to the repayment of the VEBA Notes and the elimination of the liability for the Adjustment Shares of $0.2 billion in 2010; and (6) other collectively insignificant items.

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facilities will be sufficient to meet our liquidity needs. However, we expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. Our known material future uses of cash which may vary from time to time based on market conditions and other factors include, among other possible demands in 2013: (1) reinvestment in our business through capital expenditures of approximately $8 billion as well as engineering and product development activities; (2) acquiring certain Ally Financial international operations for approximately $4.2 billion; (3) payments to service debt and other long-term obligations; (4) dividend payments on our Series A and Series B Preferred Shares of $0.9 billion; and (5) certain litigation and income and indirect tax-related administrative proceedings that may require that we make payments or deposit funds in escrow estimated at $0.8 billion.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the section of this report entitled “Risk Factors,” some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

Recent Management Initiatives

Maintaining minimal financial leverage remains a key strategic initiative. We continue to monitor and evaluate opportunities to optimize our liquidity position and capital structure in order to strengthen our balance sheet including options to fund and derisk our pension plans. We continue to evaluate potential repayments of obligations prior to maturity, certain of which may be deeply discounted. Any such repayments may negatively affect our liquidity in the short-term.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of $27.50 per share for a total of $5.5 billion. The purchase price represented a premium to the prior day’s closing price of $25.49. We allocated the purchase price between a direct reduction to shareholder’s equity of $5.1 billion and a charge to earnings of $0.4 billion, representing the premium and recorded in Other automotive expenses, net.

In the year ended December 31, 2012 we made prepayments of $0.8 billion on debt obligations with a carrying amount of $0.5 billion. We recorded a loss on extinguishment of debt of $0.3 billion which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares.

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of $11.0 billion. These facilities replaced our five-year, $5.0 billion secured revolving credit facility and provide additional liquidity, improved terms and increased financing flexibility including the ability to borrow in currencies other than U.S. dollars. The facilities are described below in greater detail.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company to pay and administer future annuity payments to certain of our salaried retirees. We provided the salaried pension plan with funding through contributions and short-term interest free loans of $2.4 billion, of which $2.3 billion was deemed a pension contribution at December 31, 2012. Refer to Note 18 to our consolidated financial statements for additional details on pension activities.

Investment Actions

From time to time we consider the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short-term.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire substantially all of Ally Financial’s automotive finance and financial services business in Europe and Latin America and Ally Financial’s equity interests in GMAC-SAIC that conducts automotive finance services operations in China. The purchase price to acquire this business and equity interests is approximately $4.2 billion, subject to certain possible closing adjustments, and is expected to close in stages during 2013. Refer to Note 4 to our consolidated financial statements for additional information on our agreement to acquire certain Ally Financial international operations.

In September 2012 we acquired security interests in the mandatorily redeemable preferred shares issued by GM Korea for $0.3 billion. The transaction did not meet the criteria for an extinguishment of the liability. Therefore we have classified these interests as an available-for-sale marketable security. GM Korea has since partially redeemed the mandatorily redeemable preferred shares which reduced the fair value of the security interests we hold to $0.2 billion at December 31, 2012.

In February 2012 we entered into an agreement with PSA to create an alliance to leverage the strengths and capabilities of our two companies and acquired a seven percent equity stake in PSA for $0.4 billion; against which we recorded impairment charges of $0.2 billion in the three months ended December 31, 2012. Refer to Note 7 to our consolidated financial statements for additional information on our investment in PSA.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Consolidating Statements of Cash Flows
(In millions)

	Year Ended December 31, 2012			Year Ended December 31, 2011			Year Ended December 31, 2010		
	Automotive	GM Financial	Consolidated	Automotive	GM Financial	Consolidated	Automotive	GM Financial	Consolidated
Cash flows from operating activities									
Net income	$ 5,569	$ 567	$ 6,136	$ 8,850	$ 437	$ 9,287	$ 6,413	$ 90	$ 6,503
Depreciation, impairment charges and amortization expense	38,546	216	38,762	7,344	83	7,427	6,923	7	6,930
Foreign currency remeasurement and transaction (gains) losses	117	—	117	56	(1)	55	209	1	210
Amortization of discount (premium) and issuance costs on debt issues	189	(1)	188	200	(40)	160	163	(28)	135
Undistributed earnings of nonconsolidated affiliates and gain on investments	(179)	—	(179)	(1,947)	—	(1,947)	(753)	—	(753)
Pension contributions and OPEB payments	(3,759)	—	(3,759)	(2,269)	—	(2,269)	(5,723)	—	(5,723)
Pension and OPEB (income) expense, net	3,232	—	3,232	(755)	—	(755)	412	—	412
(Gains) losses on extinguishment of debt	250	—	250	(18)	—	(18)	(196)	—	(196)
Provisions (benefits) for deferred taxes	(35,462)	(99)	(35,561)	(311)	(7)	(318)	242	12	254
Change in other investments and miscellaneous assets	(57)	—	(57)	(155)	—	(155)	(137)	—	(137)
Change in other operating assets and liabilities	630	57	687	(3,897)	(70)	(3,967)	(981)	15	(966)
Other operating activities	555	234	789	331	335	666	17	94	111
Net cash provided by operating activities	9,631	974	10,605	7,429	737	8,166	6,589	191	6,780
Cash flows from investing activities									
Expenditures for property	(8,055)	(13)	(8,068)	(6,241)	(8)	(6,249)	(4,200)	(2)	(4,202)
Available-for-sale marketable securities, acquisitions	(4,650)	—	(4,650)	(20,535)	—	(20,535)	(11,012)	—	(11,012)
Trading marketable securities, acquisitions	(6,234)	—	(6,234)	(6,571)	—	(6,571)	(358)	—	(358)
Available-for-sale marketable securities, liquidations	10,519	—	10,519	15,825	—	15,825	5,611	—	5,611
Trading marketable securities, liquidations	7,267	—	7,267	660	—	660	343	—	343
Acquisition of companies, net of cash acquired (a)	(44)	—	(44)	(53)	—	(53)	(3,580)	538	(3,042)
Increase due to consolidation of business units	—	—	—	—	—	—	63	—	63
Proceeds from sale of business units/investments, net	18	—	18	4,821	—	4,821	317	—	317
Increase in restricted cash and marketable securities	(525)	(136)	(661)	(543)	(185)	(728)	(871)	(47)	(918)
Decrease in restricted cash and marketable securities	1,043	483	1,526	1,894	173	2,067	13,823	92	13,915
Purchases and originations of finance receivables	—	(6,789)	(6,789)	—	(5,012)	(5,012)	—	(947)	(947)
Principal collections and recoveries on finance receivables	—	4,674	4,674	—	3,719	3,719	—	871	871
Purchases of leased vehicles, net	—	(1,050)	(1,050)	—	(837)	(837)	—	(11)	(11)
Proceeds from termination of leased vehicles	4	55	59	9	38	47	346	—	346
Other investing activities	(72)	—	(72)	106	—	106	236	21	257
Net cash provided by (used in) investing activities	(729)	(2,776)	(3,505)	(10,628)	(2,112)	(12,740)	718	515	1,233
Cash flows from financing activities									
Net increase (decrease) in short-term debt	(247)	—	(247)	131	—	131	(1,097)	—	(1,097)
Proceeds from issuance of debt (original maturities greater than three months)	436	8,600	9,036	467	8,567	9,034	718	1,168	1,886
Payments on debt (original maturities greater than three months)	(1,143)	(6,234)	(7,377)	(1,471)	(6,997)	(8,468)	(10,536)	(1,675)	(12,211)
Proceeds from issuance of stock	4	—	4	11	—	11	4,857	—	4,857
Payments to purchase stock	(5,098)	—	(5,098)	—	—	—	(1,462)	—	(1,462)
Payments to acquire noncontrolling interest	—	—	—	(100)	—	(100)	(6)	—	(6)
Debt issuance costs and fees paid for debt modifications	(72)	(48)	(120)	—	(50)	(50)	(161)	(4)	(165)
Cash dividends paid (including premium paid on redemption of Series A Preferred Stock)	(939)	—	(939)	(916)	—	(916)	(1,572)	—	(1,572)
Net cash provided by (used in) financing activities	(7,059)	2,318	(4,741)	(1,878)	1,520	(358)	(9,259)	(511)	(9,770)
Effect of exchange rate changes on cash and cash equivalents	(9)	1	(8)	(250)	(3)	(253)	(57)	—	(57)
Net transactions with Automotive/GM Financial	(200)	200	—	(235)	235	—	—	—	—
Net increase (decrease) in cash and cash equivalents	1,634	717	2,351	(5,562)	377	(5,185)	(2,009)	195	(1,814)
Cash and cash equivalents reclassified to assets held for sale	—	—	—	—	—	—	391	—	391
Cash and cash equivalents at beginning of period	15,499	572	16,071	21,061	195	21,256	22,679	—	22,679
Cash and cash equivalents at end of period	$ 17,133	$ 1,289	$ 18,422	$ 15,499	$ 572	$ 16,071	$ 21,061	$ 195	$ 21,256

(a) Represents cash on hand at acquisition for GM Financial in the year ended December 31, 2010.

Automotive

Available Liquidity

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. At December 31, 2012 our total available liquidity was $37.2 billion, including funds available under credit facilities of $11.1 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 84% of our available liquidity at December 31, 2012. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and certificates of deposits and corporate debt securities, and are primarily denominated in U.S. Dollars and CAD. We maintained cash investments in CAD denominated securities of $6.6 billion at December 31, 2012. These cash investments will incur foreign exchange gains or losses based on the movement of the CAD in relation to the U.S. Dollar and will therefore reduce our net CAD foreign exchange exposure, which primarily relates to pension and OPEB liabilities. We expect to maintain a sufficient amount of CAD deposits and investments to offset the liabilities denominated in CAD and expect the amount of CAD denominated securities to decrease in 2013. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

Our investment guidelines, which we may change from time to time, prescribe certain minimum credit rating thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers. We actively monitor and manage our liquidity exposure to Europe which is related primarily to short-term bank deposits and short-term debt securities of high-quality European issuers. The following table summarizes our liquidity (dollars in millions):

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$17,133	$15,499
Marketable securities	8,988	16,148
Available liquidity	26,121	31,647
Available under credit facilities	11,119	5,308
Total available liquidity	$37,240	$36,955

Total available liquidity increased by $0.3 billion in the year ended December 31, 2012 due primarily to: (1) cash provided by operating activities of $9.6 billion; and (2) an increase in amounts available under credit facilities of $5.8 billion related to our new secured revolving credit facilities; partially offset by (3) capital expenditures of $8.1 billion; and (4) cash used in financing activities of $7.1 billion relating to the purchase of our common stock, debt prepayments and dividend payments.

Credit Facilities

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity. The following table summarizes our credit facilities (dollars in millions):

	Total Credit Facilities		Amounts Available Under Credit Facilities	
	December 31, 2012 (a)	December 31, 2011	December 31, 2012 (a)	December 31, 2011
Secured revolving credit facilities	$11,000	$5,000	$10,793	$5,000
Other (b)	415	338	326	308
Total	$11,415	$5,338	$11,119	$5,308

(a) GM Financial has not borrowed under the three-year $5.5 billion facility but has the ability to borrow up to $4.0 billion.

(b) Consists of credit facilities available at our foreign subsidiaries that are not individually significant.

Our primary borrowing capacity under credit facilities comes from our secured revolving credit facilities comprising a three-year, $5.5 billion facility and a five-year, $5.5 billion facility. We entered into the secured revolving credit facilities in November 2012 to replace our five-year, $5.0 billion secured revolving credit facility that we entered into in October 2010. Obligations under the new secured revolving credit facilities are secured by the same collateral that had secured our prior facility. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, $5.5 billion facility is available to GM Financial as well as other certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of $4.0 billion, a multi-currency borrowing sub-limit of $3.5 billion, a Brazilian Real borrowing sub-limit of $0.5 billion, and a letter of credit sub-facility limit of $1.5 billion. We had amounts in use under the letter of credit sub-facility of $0.2 billion at December 31, 2012. We may borrow against this facility from time to time for strategic initiatives and for general corporate purposes.

The five-year, $5.5 billion facility is not available to GM Financial and allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of $0.5 billion. While we do not expect to draw on the five-year facility, it provides additional liquidity, financing flexibility and is available for general corporate purposes. Refer to Note 17 to our consolidated financial statements for additional details on our secured revolving credit facilities.

We and our subsidiaries use credit facilities to fund working capital needs and other general corporate purposes.

Cash Flow

Operating Activities

In the year ended December 31, 2012 cash flows from operating activities increased by $2.2 billion due primarily to: (1) increase in accrued and other liabilities of $1.7 billion due primarily to dealer and customer sales allowances and warranty; (2) favorable changes in working capital of $1.6 billion including the termination of advance wholesale agreements in GMNA which adversely impacted working capital in 2011; (3) favorable changes in daily rental fleet activities of $0.9 billion; partially offset by (4) an increase in pension contributions and OPEB payments of $1.5 billion relating to the contributions to the Retiree Plan for the purchase of annuity contracts partially offset by OPEB payments relating to the HCT settlement in 2011; and (5) the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012.

In the year ended December 31, 2011 cash flows from operating activities increased by $0.8 billion due primarily to: (1) increased net income excluding depreciation, impairment charges and amortization of $2.9 billion; (2) decreased pension cash contributions and OPEB payments in excess of expense of $2.3 billion; partially offset by (3) unfavorable changes in working capital of $1.6 billion due to the termination of the advance wholesale agreements and increased production; and (4) other activities of $2.7 billion which include non-cash gains relating to the sale of our investments in New Delphi and Ally Financial preferred stock of $1.9 billion. Significant pension and OPEB related activity included a cash contribution as part of the HCT settlement of $0.8 billion in 2011 and a voluntary contribution made to our U.S. pension plans of $4.0 billion in 2010. Refer to Note 18 to our consolidated financial statements for additional information on the HCT settlement.

Investing Activities

In the year ended December 31, 2012 cash flows from investing activities increased by $9.9 billion due primarily to: (1) an increase in net liquidations of marketable securities of $17.5 billion as we reinvested maturing marketable securities in shorter-term cash equivalents to rebalance our investment portfolio in the normal course of business; partially offset by (2) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of $4.8 billion in 2011; (3) increased capital expenditures of $1.8 billion as we continue to reinvest in our business; (4) a decrease in the release of restricted cash of $0.8 billion related primarily to the release of restricted cash associated with implementation of the HCT in 2011; and (5) an increase in notes receivable of $0.2 billion.

In the year ended December 31, 2011 cash flows from investing activities decreased by $11.3 billion due primarily to: (1) a reduction in restricted cash returned from escrow accounts of $11.6 billion; (2) an increase in net acquisitions of marketable securities with maturities exceeding 90 days of $5.2 billion; and (3) increased capital expenditures of $2.0 billion as we continue to reinvest in our business; partially offset by (4) proceeds from the sale of our investments in New Delphi and preferred stock in Ally Financial of $4.8 billion in 2011; and (5) the acquisition of AmeriCredit Corp. for $3.5 billion in 2010. The decrease in restricted cash was due to the release of $1.0 billion following the implementation of the HCT in 2011 and the release of funds held in an escrow account relating to the UST Credit Agreement of $12.5 billion in 2010.

Financing Activities

In the year ended December 31, 2012 cash flows from financing activities decreased by $5.2 billion due primarily to: (1) the purchase price less the applicable premium to acquire our common stock from the UST of $5.1 billion; and (2) issuance fees paid to enter into our new secured revolving credit facilities of $0.1 billion in 2012.

In the year ended December 31, 2011 cash flows from financing activities increased by $7.4 billion due primarily to: (1) a reduction in payments made in excess of proceeds received from debt obligations of $10.0 billion related to the repayment of our indebtedness under the UST Credit Agreement of $5.7 billion, Canadian Loan of $1.3 billion, principal payments of the VEBA Notes of $2.5 billion and repayment of GM Korea's credit facility of $1.2 billion in 2010; and (2) purchase of the Series A Preferred Stock shares held by the UST of $2.1 billion in 2010; partially offset by (3) proceeds received from the issuance of our Series B Preferred Stock of $4.9 billion in 2010.

Free Cash Flow and Adjusted Free Cash Flow

Management believes free cash flow and adjusted free cash flow provides meaningful supplemental information regarding the liquidity of our automotive operations and its ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations less capital expenditures. We measure adjusted free cash flow as free cash flow adjusted for certain voluntary management actions, primarily related to strengthening our balance sheet. These voluntary management actions represent items that management does not consider when assessing and managing the operational and financial performance of the organization and its management teams. Management believes that adjusting for these actions allows for greater transparency of operating trends and performance between periods. While management believes that free cash flow and adjusted free cash flow provide useful information, they are not operating measures under U.S. GAAP and there are limitations associated with their use. Our calculation of free cash flow and adjusted free cash flow may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of free cash flow and adjusted free cash flow has limitations and should not be considered in isolation from, or as a substitute for, other measures such as cash flows from operating activities. Due to these limitations, free cash flow and adjusted free cash flow are used as supplements to U.S. GAAP measures. The following table summarizes free cash flow and adjusted free cash flow (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Operating cash flow	$ 9,631	$ 7,429	$ 6,589
Less: capital expenditures	(8,055)	(6,241)	(4,200)
Free cash flow	1,576	1,188	2,389
Adjustments for voluntary management actions	2,712	1,830	4,000
Adjusted free cash flow	$ 4,288	$ 3,018	$ 6,389

Adjustments for voluntary management actions include the following items: voluntary contributions to the Retiree Plan of $2.3 billion for the purchase of annuity contracts and the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012; termination of in-transit wholesale advance agreement in GMNA resulting in an increase to accounts receivable of $1.1 billion and OPEB payments relating to the HCT settlement of $0.8 billion in 2011; and a voluntary contribution to our U.S. hourly and salaried defined benefit pension plans of $4.0 billion in 2010.

Other Liquidity Issues

Status of Credit Ratings

We receive credit ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and Standard & Poor's (S&P).

Moody's, Fitch and S&P currently rate our corporate credit at non-investment grade while DBRS Limited rates our corporate credit as investment grade. The following table summarizes our credit ratings at February 8, 2013:

Rating Agency	Corporate	Secured Revolving Credit Facilities	Outlook
DBRS Limited	BBB (low)	N/A	Stable
Fitch	BB+	BBB-	Stable
Moody's	Ba1	Baa2	Positive
S&P	BB+	BBB	Stable

Rating actions taken by each of the credit rating agencies from January 1, 2012 through February 8, 2013 were as follows:

DBRS Limited: September 2012 — Upgraded corporate rating to BBB (low) from BB (high).

Fitch: November 2012 — Assigned a rating of BBB- to our secured revolving credit facilities.

August 2012 — Upgraded corporate rating to BB+ from BB and changed their outlook to stable from positive.

Moody's: November 2012 — Assigned a rating of Baa2 to our secured revolving credit facilities.

S&P: November 2012 — Assigned a rating of BBB to our secured revolving credit facilities.

We continue to pursue investment grade status by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facilities.

Series A Preferred Stock

Beginning December 31, 2014 we will be permitted to redeem, in whole or in part, the shares of Series A Preferred Stock outstanding at a redemption price equal to $25.00 per share plus any accrued and unpaid dividends, subject to limited exceptions. Our ability to redeem any portion of this $6.9 billion face amount in Series A Preferred Stock will depend upon our having sufficient liquidity.

Automotive Financing

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, servicing fees, net distributions from securitization trusts, borrowings under credit facilities, transfers of finance receivables to trusts in securitization transactions, collections and recoveries on finance receivables and net proceeds from senior notes transactions. GM Financial's primary uses of cash are purchases and originations of finance receivables and leased assets, repayment of credit facilities, securitization of notes payable and other indebtedness, funding credit enhancement requirements for securitization transactions and credit facilities and operating expenses.

GM Financial used cash of $5.6 billion, $5.0 billion and $0.9 billion for the purchase of consumer finance receivables in the years ended December 31, 2012 and 2011 and the three months ended December 31, 2010. GM Financial used cash of $1.2 billion for the origination of commercial finance receivables in the year ended December 31, 2012. GM Financial used cash of $1.1 billion and $0.8 billion for the purchase of leased vehicles in the years ended December 31, 2012 and 2011. These purchases and originations were funded initially utilizing cash and borrowings under credit facilities and subsequently funded in securitization transactions.

GM Financial received cash of $4.0 billion, $3.7 billion and $0.9 billion from collections and recoveries on consumer finance receivables in the years ended December 31, 2012 and 2011 and the three months ended December 31, 2010 and $0.7 billion from collections on commercial finance receivables in the year ended December 31, 2012.

Available Liquidity

The following table summarizes GM Financial's available liquidity for daily operations (dollars in millions):

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$1,289	$ 572
Borrowing capacity on unpledged eligible receivables	706	387
Borrowing capacity on unpledged eligible leased assets	643	294
Available liquidity	$2,638	$1,253

The increase in liquidity is due primarily to the issuance of senior notes of $1.0 billion, improved credit performance on consumer finance receivables which led to an increase in distributions from trusts and the settlement of several older securitizations with high enhancement levels.

As previously described GM Financial has the ability to borrow up to $4.0 billion against our three-year $5.5 billion secured revolving credit facility. GM Financial's borrowings under the facility are limited by our ability to borrow the entire amount available under the facility. Therefore GM Financial may be able to borrow up to $4.0 billion or may be unable to borrow depending on our borrowing activity. If GM Financial does borrow under the facility it expects such borrowings would be short-term in nature. Neither GM Financial, nor any of its subsidiaries, guarantee any obligations under this facility and none of its subsidiaries' assets secure this facility.

Senior Notes

In August 2012 GM Financial issued 4.75% senior notes of $1.0 billion which are due in August 2017 with interest payable semiannually. GM Financial intends to use the net proceeds from this offering for general corporate purposes including, but not limited to, acquisitions.

In June 2011 GM Financial issued 6.75% senior notes of $0.5 billion which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $0.1 billion from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Refer to Note 17 to our consolidated financial statements for additional details about these debt issuances.

Credit Facilities

In the normal course of business, in addition to using available cash, GM Financial pledges assets to and borrows under credit facilities to fund operations and repays these borrowings as appropriate under GM Financial's cash management strategy.

The following table summarizes those credit facilities (dollars in millions):

	December 31, 2012		December 31, 2011	
	Facility Amount	Advances Outstanding	Facility Amount	Advances Outstanding
Syndicated warehouse facility (a)	$2,500	$ —	$2,000	$ 621
Canada lease warehouse facility (b)	$ 803	354	$ 589	181
U.S. lease warehouse facility (c)	$ 600	—	$ 600	—
Medium-term note facility (d)		—		294
Bank funding facility		—		3
Total		$354		$1,099

(a) In May 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the receivables pledged until February 2020 when the remaining balance will be due and payable.

(b) In July 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until January 2019 when any remaining balance will be due and payable. The facility amount represents CAD $800 million and CAD $600 million at December 31, 2012 and 2011, and the advances outstanding amount represents CAD $353 million and CAD $185 million at December 31, 2012 and 2011.

(c) In January 2013 GM Financial extended the maturity date of this facility to May 2014. In May 2014 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until November 2019 when any remaining amount outstanding will be due and payable.

(d) In October 2012 this facility was paid in full and subsequently terminated.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings and/or remove GM Financial as servicer. As of December 31, 2012 GM Financial was in compliance with all covenants in its credit facilities.

Defined Benefit Pension Plan Contributions

Eligible U.S. salaried employees hired prior to January 2001 participated in a defined benefit pension plan which was frozen as of September 30, 2012. All eligible salaried employees now participate in a defined contribution plan. Hourly employees hired prior to October 15, 2007 generally participate in plans which provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Hourly employees hired after October 15, 2007 participate in a defined contribution plan. Our policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2012 all legal funding requirements had been met. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.8 billion to our non-U.S. pension plans in 2013.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. hourly and salaried	$2,420	$1,962	$4,095
Non-U.S.	855	836	777
Total contributions	$3,275	$2,798	$4,872

In 2012 we provided short-term, interest-free, unsecured loans to the Retiree Plan to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. In August 2012 we loaned the Retiree Plan $2.0 billion with principal due within 90 days. In the three months ended December 31, 2012 $1.5 billion of the $2.0 billion loan was contributed to the Retiree Plan, $0.3 billion was repaid to us and the remaining $0.3 billion, which had been converted into a new interest-free loan, is due on or before April 15, 2013. In October 2012 we provided a loan of $0.2 billion to the Retiree Plan that was repaid to us in December 2012. At December 31, 2012 $0.2 billion of the remaining $0.3 billion loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock, valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in billions):

	December 31, 2012	December 31, 2011
U.S. hourly and salaried	$13.1	$13.3
U.S. nonqualified	0.9	0.9
Total U.S. pension plans	14.0	14.2
Non-U.S.	13.8	11.2
Total underfunded	$27.8	$25.4

The U.S. pension plans were underfunded by $14.0 billion and $14.2 billion at December 31, 2012 and 2011. The change in funded status was due primarily to: (1) actuarial losses due primarily to discount rate decreases of $8.4 billion; and (2) service and interest costs of $4.5 billion; partially offset by (3) actual return on plan assets of $10.3 billion; and (4) contributions of $2.4 billion.

The non-U.S. pension plans were underfunded by $13.8 billion and $11.2 billion at December 31, 2012 and 2011. The change in funded status was due primarily to: (1) actuarial losses of $2.8 billion; (2) service and interest costs of $1.5 billion; (3) net unfavorable foreign currency translation effect of $0.3 billion; and (4) costs primarily related to plan amendments and other of $0.2 billion; partially offset by (5) actual return on plan assets of $1.3 billion; and (6) contributions and benefit payments of $0.9 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to most U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in billions):

	December 31, 2012	December 31, 2011
U.S. OPEB plans	$6.3	$5.8
Non-U.S. OPEB plans	1.5	1.5
Total unfunded	$7.8	$7.3

Refer to Note 18 to our consolidated financial statements for the change in benefit obligations and related plan assets.

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2013	$ 6,052	$1,491	$ 421	$ 63
2014	$ 5,912	$1,507	$ 373	$ 65
2015	$ 5,861	$1,546	$ 366	$ 67
2016	$ 5,674	$1,575	$ 360	$ 70
2017	$ 5,558	$1,588	$ 356	$ 72
2018-2022	$25,259	$8,092	$1,713	$391

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2012 and 2011.

Guarantees Provided to Third-Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and commercial loans made by Ally Financial and outstanding with certain third-parties excluding vehicle repurchase obligations, residual support and risk sharing related to Ally Financial. The maximum potential obligation under these commitments was $1.4 billion and $1.1 billion at December 31, 2012 and 2011.

Our current agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ended in August 2012 for vehicles invoiced through August 2011, ends in August 2013 for vehicles invoiced through August 2012 and ends in August 2014 for vehicles invoiced through August 2013.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee would be based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock and is estimated to be $22.1 billion and $19.0 billion at December 31, 2012 and 2011. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer or at auction. The fair value of the guarantee was $15 million and $17 million at December 31, 2012 and 2011 which considers the likelihood of dealers terminating and estimating the loss exposure for the ultimate disposition of vehicles.

Refer to Notes 20 and 27 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2012 (dollars in millions):

	Payments Due by Period				
	2013	2014-2015	2016-2017	2018 and after	Total
Automotive debt (a)	$ 1,117	$ 559	$1,422	$ 2,064	$ 5,162
Automotive Financing debt (b)	3,760	4,096	2,511	500	10,867
Capital lease obligations	172	229	332	305	1,038
Automotive interest payments (c)	145	620	350	263	1,378
Automotive Financing interest payments (d)	263	346	173	14	796
Postretirement benefits (e)	277	490	26	—	793
Contractual commitments for capital expenditures	530	7	—	—	537
Operating lease obligations (f)	340	457	225	316	1,338
Other contractual commitments:					
Material	613	378	204	80	1,275
Marketing	1,008	808	256	283	2,355
Rental car repurchases	3,293	—	—	—	3,293
Policy, product warranty and recall campaigns liability	3,059	3,202	917	208	7,386
Other	1,380	215	64	513	2,172
Total contractual commitments (g)(h)(i)	$15,957	$11,407	$6,480	$ 4,546	$38,390
Non-contractual postretirement benefits (j)	$ 207	$ 381	$ 831	$13,275	$14,694

(a) Projected future payments on lines of credit were based on amounts drawn at December 31, 2012.

(b) GM Financial credit facilities and securitization notes payable have been classified based on expected payoff date. Senior notes principal amounts have been classified based on maturity date.

(c) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2012.

(d) GM Financial interest payments are calculated based on London Interbank Offered Rate or Canadian Dealer Offered Rate plus the respective credit spreads and specified fees associated with the Canada lease warehouse facility, the coupon rate for the senior notes and a fixed rate of interest for securitization notes payable. GM Financial interest payments on the floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(e) Amounts include other postretirement benefit payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2016. Amounts do not include pension funding obligations, which are discussed below under the caption “Pension Funding Requirements.”

(f) Amounts include operating lease obligations for both Automotive and Automotive Financing. Automotive is included net of sublease income.

(g) Future payments in local currency amounts were translated into U.S. Dollars using the balance sheet spot rate at December 31, 2012.

(h) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2012.

(i) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2013 to 2014 related to our Opel/Vauxhall restructuring plan. Refer to Note 20 to our consolidated financial statements for further detail.

(j) Amount includes all expected future payments for both current and expected future service at December 31, 2012 for other postretirement benefit obligations for salaried employees and hourly other postretirement benefit obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption “Pension Funding Requirements.”

The table above does not reflect unrecognized tax benefits of $2.7 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

Pension Funding Requirements

In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status or funding contemplated under our derisking initiatives.

We have implemented and completed a balance sheet derisking strategy, comprising certain actions related to our U.S. salaried pension plan. These actions include payment of lump-sums to retirees, the purchase of group annuity contracts from an insurance company and the settlement of other previously guaranteed obligations. We provided the salaried pension plan with funding through contributions and short-term interest free loans of $2.4 billion, consisting of contributions of $1.5 billion and $0.7 billion, and a loan of $0.3 billion. At December 31, 2012 $0.2 billion of the remaining $0.3 billion loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us. Through these transactions we have settled the remaining obligations of the Retiree Plan in their entirety.

We do not have any required contributions payable to our U.S. qualified plans in 2013. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.8 billion to our non-U.S. pension plans in 2013.

Fair Value Measurements

Refer to Note 19 to our consolidated financial statements for additional information regarding Level 3 measurements.

Dividends

The declaration of any dividend on our common stock is a matter to be acted upon by our Board of Directors in its sole discretion. Since our formation we have not paid any dividends on our common stock and have no current plans to pay any dividends on our common stock. Our payment of dividends on our common stock in the future, if any, will be determined by our Board of Directors in its sole discretion out of funds legally available for that purpose and will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our debt instruments and other factors.

So long as any share of our Series A or B Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A and B Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends, subject to exceptions, such as dividends payable solely in shares of our common stock. So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our Series B Preferred Stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our Series B Preferred Stock solely in shares of our common stock.

The following table summarizes dividends paid on our Series A and B Preferred Stock (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Series A Preferred Stock (a)	$621	$621	$810
Series B Preferred Stock (b)	238	243	—
Total Preferred Stock dividends paid	$859	$864	$810

(a) Does not include the $677 million charge related to the purchase of 84 million shares of Series A Preferred Stock from the UST in the year ended December 31, 2010.

(b) Cumulative unpaid dividends on our Series B Preferred Stock was $20 million, $20 million and $25 million at December 31, 2012, 2011 and 2010.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors, and the Audit Committee has reviewed the disclosures relating to these estimates.

The critical accounting estimates that affect the consolidated financial statements and that use judgments and assumptions are listed below. In addition the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected long-term rate of return on plan assets and a discount rate. The expected return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In January 2013 an investment policy study was completed for the U.S. pension plans taking into account the new plan structures that followed the derisking initiatives and annuity transactions executed during the second half of 2012. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term return on assets. The weighted-average long-term return on assets decreased from 6.2% at December 31, 2011 to 5.8% due primarily to lower yields on fixed income securities. The U.S. hourly plan assets now represent 91% of the total U.S. pension plan assets compared to 65% at the end of 2011.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effect of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods.

The following table summarizes the unamortized actuarial loss (before tax) on pension plans (dollars in billions):

	December 31, 2012	December 31, 2011
Unamortized actuarial loss	$6.2	$3.8

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	U.S. Plans		Non-U.S. Plans	
	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO
25 basis point decrease in discount rate	−$ 110	+$ 2,250	+$ 65	+$ 943
25 basis point increase in discount rate	+$ 100	−$ 2,190	−$ 56	−$ 892
25 basis point decrease in expected return on assets	+$ 160	N/A	+$ 37	N/A
25 basis point increase in expected return on assets	−$ 150	N/A	−$ 37	N/A

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S. hourly pension plan at December 31, 2012 (dollars in millions):

	Effect on 2013 Pension Expense	Effect on December 31, 2012 PBO
Change in future benefit units		
One percentage point increase in benefit units	+$ 74	+$ 227
One percentage point decrease in benefit units	−$ 72	−$ 220

Refer to Note 18 to our consolidated financial statements for the expected weighted-average long-term rate of return on plan assets, weighted-average discount rate on plan obligations and actual and expected return on plan assets. Refer to Note 3 to our consolidated financial statements for a discussion of the inputs used to determine fair value for each significant asset class or category.

Valuation of Deferred Tax Assets

We evaluate the need for deferred tax asset valuation allowances based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;
- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

The evaluation of deferred tax assets requires judgment in assessing the likely future tax consequences of events that have been recognized in our financial statements or tax returns and future profitability. Our accounting for deferred tax consequences represents our best estimate of those future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations.

At December 31, 2012, as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of $33.2 billion and $3.1 billion. We retained valuation allowances of $2.3 billion against deferred tax assets in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance. We retained additional valuation allowances of $8.7 billion against non-U.S. deferred tax assets primarily related to GME and South Korea business units with losses.

At December 31, 2011, as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of $0.5 billion.

If the remaining valuation allowance jurisdictions experience profitability in the future, utilization of tax attributes to offset taxable income will reduce the overall level of deferred tax assets subject to valuation allowances. In the periods in which the valuation allowances are released, we will record a tax benefit reflecting the release, which will reduce our effective tax rate.

Valuation allowance reversals in the U.S. and Canada contributed to goodwill impairment charges of $26.4 billion in the GMNA reporting unit in the three months ended December 31, 2012. In South Korea future valuation allowance reversals may result in additional goodwill impairment. Refer to Note 12 to our consolidated financial statements for additional information related to goodwill impairment charges.

In future periods, our effective tax rate should approach the U.S. statutory tax rate. If law is enacted that reduces the U.S. statutory rate, we would record a significant reduction to the net deferred tax assets and related increase to income tax expense in the period that includes the enactment date of the tax rate change.

Valuation of Vehicle Operating Leases

In our and GM Financial's accounting for vehicle operating leases, a determination is made at the inception of a lease of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual values represent estimates of the market values of the vehicles at the end of the lease term. A retail lease customer is obligated to make payments during the term of a lease, up to five years, to the contract residual. A retail lease customer is not obligated to purchase a vehicle at the end of a lease. Sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Generally, the terms under these arrangements are up to 24 months, however, the daily rental car companies can and do return the vehicles earlier, averaging nine months or less. We and GM Financial are exposed to a risk of loss to the extent the value of a vehicle is below the residual value estimated at contract inception.

Realization of residual values is dependent on the future ability to market vehicles under prevailing market conditions. Over the life of a lease, the adequacy of the estimated residual values are evaluated and adjustments are made to the extent the expected values of the vehicles at lease termination declines. Adjustments may be in the form of revisions to depreciation rates or recognition of impairment charges. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the corresponding carrying amount.

The critical assumptions underlying the estimated carrying amount of leased vehicles included within Equipment on operating leases, net include: (1) estimated market value information obtained and used in estimating residual values; (2) proper identification and estimation of business conditions; (3) remarketing abilities; and (4) vehicle and marketing programs. Changes in these assumptions could have a significant effect on the estimate of residual values.

We and GM Financial continue to use forecasted auction proceeds to estimate residual values for impairment purposes. Significant differences between the estimate of residual values and actual experience may materially affect impairment charges recorded, if any, and the rate at which vehicles in Equipment on operating leases, net are depreciated.

The following table summarizes recorded impairment charges related to leases to daily rental car companies (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Automotive leases to daily rental car companies	$181	$151	$49

Impairment of Goodwill

In the three months ended December 31, 2012, 2011 and 2010 we performed our annual goodwill impairment testing as of October 1 for all reporting units, which are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. In the years ended December 31, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units. Based on our testing procedures we recorded Goodwill impairment charges of $27.1 billion and $1.3 billion in the years ended December 31, 2012 and 2011 associated with our GMNA, GME, GM Korea, GM South Africa and GM Holden, Ltd. (Holden) reporting units.

Refer to Note 12 to our consolidated financial statements for additional information on Goodwill impairments, including information pertaining to the determination of the fair values of our reporting units requiring a Step 2 analysis, and the risks of future goodwill impairment charges.

Subsequent to the recording of the Goodwill impairment charges in the year ended December 31, 2012 we had Goodwill of $2.0 billion at December 31, 2012 which predominantly arose upon the acquisition of AmeriCredit Corp. compared to $29.0 billion at December 31, 2011 which predominantly arose upon the application of fresh-start reporting. When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value, and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. Our employee benefit related accounts were recorded in accordance with ASC 712, "Compensation - Nonretirement Postemployment Benefits" (ASC 712) and ASC 715, "Compensation - Retirement Benefits" and deferred income taxes were recorded in accordance with ASC 740, "Income Taxes." The application of ASC 712 and 715 during fresh-start reporting resulted in our recorded liabilities for certain employee benefit obligations being higher than the fair value of these obligations because lower discount rates were utilized in determining the U.S. GAAP values compared to those utilized to determine fair values. The discount rates utilized to determine the fair value of these obligations were based on our incremental borrowing rates, which included our nonperformance risk. Our incremental borrowing rates are also affected by changes in market interest rates. Further, upon the application of fresh-start reporting, the recorded amounts of our assets were lower than their fair values because of the recording of valuation allowances on certain of our deferred tax assets, which under ASC 852 also resulted in goodwill. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted.

Since fresh-start reporting the differences between these fair value-to-U.S. GAAP amounts; (1) have decreased because of decreases in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk; (2) have decreased due to improvements in our credit rating, thus resulting in a decrease in the spread between our employee benefit related obligations under U.S. GAAP and their fair values; and/or (3) decreased due to a change in the fair values of our estimated employee benefit obligations. Decreases also occurred from reversals of our deferred tax asset valuation allowances. The fair value-to-U.S. GAAP differences decreases for these reasons have resulted in the decline of implied goodwill in each of the years ended December 31, 2012 and 2011. At the next annual or event-driven goodwill impairment test, to the extent the carrying amount of a reporting unit exceeds its fair value or the reporting unit has a negative carrying amount, a goodwill impairment could occur. Future goodwill impairments could also occur should we reorganize our internal reporting structure in a manner that changes the composition of one or more of our reporting units. Upon such an event, goodwill would be reassigned to the affected reporting units using a relative-fair-value allocation approach, unless the entity was never integrated, and not based on the amount of goodwill that was originally attributable to fair value-to-U.S. GAAP differences that gave rise to goodwill upon application of fresh-start reporting.

For purposes of our 2012 annual impairment testing procedures at October 1, 2012, the estimated fair values of our more significant reporting units exceeded their carrying amounts by 111.8% for GMNA, 57.9% for GM Mercosur and 14.7% for GM Financial. In calculating the fair values of our more significant reporting units during our 2012 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our weighted-average cost of capital (WACC) increased by 1,000 basis points for GMNA and 160 basis points for GM Mercosur. GM Financial's forecasted equity-to-managed asset retention ratio by 2015 was 12.5% and held constant thereafter. GM Korea's fair value continued to be below its carrying amount. GM Financial's fair value would still exceed its carrying amount had equity to managed assets retention ratio increased 160 basis points by 2015. Subsequent to our 2012 annual goodwill impairment testing, we reversed deferred tax asset valuation allowances of $36.2 billion for our GMNA reporting unit causing its carrying amount to exceed its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012. Based on our testing we determined that the differences between the fair value-to-U.S. GAAP amounts decreased primarily due to the recorded amount of our deferred tax assets exceeding their fair values, which under ASC 805, "Business Combinations" results in less implied goodwill. Based on this event-driven impairment test we recorded a Goodwill impairment charge of $26.4 billion in the year ended December 31, 2012 within our GMNA segment.

For purposes of our 2011 annual impairment testing procedures, the estimated fair values of our more significant reporting units exceeded their carrying amounts by 12.3% for GMNA, 24.7% for Holden, 56.8% for GM Mercosur and 10.3% for GM Financial. In calculating the fair values of our more significant reporting units during our 2011 annual goodwill impairment testing, keeping all other assumptions constant, the estimated fair values of our more significant reporting units would still exceed their carrying amounts had our WACC increased by 150 basis points for GMNA, 410 basis points for Holden and 430 basis points for GM Mercosur. GM Financial's forecasted equity-to-managed asset retention ratio by 2014 was 12.5% and held constant thereafter. GM Financial's fair value would still exceed its carrying amount had equity-to-managed assets retention ratio increased 230 basis points by 2014.

Based on the fair value measures determined during our 2012 and 2011 annual and event-driven impairment tests we determined the fair values of those reporting units requiring a Step 2 analysis (GMNA, GME, GM Korea, GM South Africa and Holden) had not increased sufficiently to give rise to an implied goodwill amount other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are: (1) the determination of our nonperformance risk; (2) interest rates; (3) estimates of our employee benefit related obligations and; (4) the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. Of these factors, the amount of implied goodwill within GMNA was most sensitive to our determination whether it is more likely than not that the deferred tax assets will or will not be utilized. Within GME the goodwill assessment was most sensitive to changes in our nonperformance risk, interest rates and estimates of our employee benefit related obligations. The GM Korea goodwill assessment is and the Holden goodwill assessment was most sensitive to our determination of whether it is more likely than not that their deferred tax assets will or will not be utilized. The GM South Africa goodwill assessment was most sensitive to changes in our estimates of our employee benefit related obligations. The $27.1 billion of impairment charges recorded in the year ended December 31, 2012 was primarily driven by the $36.2 billion reversal of our deferred tax asset valuation allowances for our GMNA reporting unit. Refer to Note 21 to our consolidated financial statements for additional information on the reversal of our valuation allowances for our U.S. and Canadian operations.

In the future we have an increased likelihood of measuring goodwill for possible impairment during our annual or event-driven goodwill impairment testing because GM Korea's fair value is less than its carrying amount, which increases the likelihood of measuring goodwill for further impairment in the near-term. At December 31, 2012 GM Korea has $466 million of recorded goodwill.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the long-lived assets or in certain cases, the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Assets classified as held for sale are recorded at the lower of carrying amount or fair value less cost to sell. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. We develop anticipated cash flows from historical experience and internal business plans. A considerable amount of management judgment and assumptions are required in performing the long-lived asset impairment tests, principally in determining the fair value of the asset groups and the assets' average estimated useful life. While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs. An in-exchange premise was determined to be the highest and best use of the assets which is different than the assets' current use due to the overall European macro-economic environment. Refer to Notes 11 and 13 to our consolidated financial statements for additional information on the impairment charges recorded and related fair value measurements.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific, and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix and the rate of customer acceptance of any incentive program, and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined, and a reduction of Automotive sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold. Estimated costs related to product recalls are based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency, and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. However where little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models. Revisions are made when necessary, based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;
- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities’ ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability, including GM Financial;
- GM Financial’s ability to successfully integrate certain Ally Financial international operations;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets, particularly Europe;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;

- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;

- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;

- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;

- Costs and risks associated with litigation;

- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and

- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Quantitative and Qualitative Disclosures About Market Risk

Automotive

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee comprises members of our management and functions under the oversight of the Audit Committee, a committee of the Board of Directors. The Audit Committee assists and guides the Board of Directors in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions in accordance with the policies and procedures approved by the Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

Further information on our exposure to market risk is included in Note 19 to our consolidated financial statements.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk, interest rate risk and equity price risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates and interest rate yield curves. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates change in a parallel fashion and that spot exchange rates change instantaneously. In addition the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of the operations. At December 31, 2012 our three most significant foreign currency exposures were the Euro/British Pound, U.S. Dollar/Korean Won and Euro/Korean Won. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2012 such contracts had remaining maturities of up to 12 months.

At December 31, 2012 and 2011 the net fair value liability of financial instruments with exposure to foreign currency risk was $4.0 billion and $4.2 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $671 million and $637 million at December 31, 2012 and 2011.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2012	2011
Foreign currency translation losses recorded in Accumulated other comprehensive loss	$118	$167
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	$117	$ 56

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities.

At December 31, 2012 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations.

The following table summarizes our automotive debt by fixed rate and variable rate (dollars in millions):

	December 31, 2012	December 31, 2011
Short-term debt — fixed rate	$ 749	$ 573
Short-term debt — variable rate	999	1,109
Total short-term debt	$1,748	$1,682
Short-term debt — fixed rate denominated in U.S. Dollars	$ 186	$ 135
Short-term debt — fixed rate denominated in foreign currency	563	438
Total short-term debt — fixed rate	$ 749	$ 573
Short-term debt — variable rate denominated in U.S. Dollars	$ 140	$ 192
Short-term debt — variable rate denominated in foreign currency	859	917
Total short-term debt — variable rate	$ 999	$1,109
Long-term debt — fixed rate	$3,254	$3,536
Long-term debt — variable rate	170	77
Total long-term debt	$3,424	$3,613
Long-term debt — fixed rate denominated in U.S. Dollars	$ 663	$ 525
Long-term debt — fixed rate denominated in foreign currency	2,591	3,011
Total long-term debt — fixed rate	$3,254	$3,536
Long-term debt — variable rate denominated in U.S. Dollars	$ 28	$ 32
Long-term debt — variable rate denominated in foreign currency	142	45
Total long-term debt — variable rate	$ 170	$ 77

At December 31, 2012 and 2011 the fair value liability of debt and capital leases was $5.3 billion and $5.5 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $112 million and $152 million at December 31, 2012 and 2011.

We invest in marketable securities of various types and maturities, the value of which are subject to fluctuations in interest rates. Our marketable securities portfolio includes marketable securities classified as available-for-sale and trading.

At December 31, 2012 and 2011 we had marketable securities of $3.8 billion and $10.1 billion classified as available-for sale with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $28 million and $28 million at December 31, 2012 and 2011.

At December 31, 2012 and 2011 we had marketable securities of $5.2 billion and $6.0 billion classified as trading with exposure to interest rate risk. The potential decrease in fair value from a 50 basis point increase in interest rates would be $8 million and $20 million at December 31, 2012 and 2011.

Equity Price Risk

At December 31, 2012 the carrying amount of our investment in Ally Financial common stock was $399 million, the carrying amount of our investment in PSA was $179 million and the carrying amount of other investments was $21 million. At December 31, 2011 the carrying amount of our investment in Ally Financial common stock was $403 million and the carrying amount of other investments was $36 million. These amounts represent the maximum exposure to loss from these investments.

Automotive Financing — GM Financial

Fluctuations in market interest rates affect GM Financial's credit facilities and securitization transactions. GM Financial's gross interest rate spread, which is the difference between interest earned on finance receivables and interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities.

Securitizations

In GM Financial's securitization transactions, it can transfer fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions.

Derivatives

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. GM Financial had interest rate swaps and caps in liability positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. The fair value of these derivative financial instruments was insignificant.

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2012 (dollars in millions):

	Years Ending December 31,						December 31, 2012
	2013	2014	2015	2016	2017	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$4,108	$2,860	$1,895	$1,209	$ 673	$ 315	$10,759
Weighted-average annual percentage rate	14.54%	14.39%	14.25%	14.10%	13.95%	13.84%	
Commercial finance receivables							
Principal amounts	$ 507	$ 6	$ 3	$ 3	$ 35	$ 6	$ 554
Weighted-average annual percentage rate	3.78%	3.80%	3.76%	3.78%	3.47%	4.53%	
Liabilities							
Credit facilities							
Principal amounts	$ 354	$ —	$ —	$ —	$ —	$ —	$ 354
Weighted-average interest rate	0.64%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	$3,406	$2,324	$1,772	$1,073	$ 438	$ —	$ 9,171
Weighted-average interest rate	2.33%	2.70%	3.03%	3.05%	2.99%	—%	
Senior notes							
Principal amounts	$ —%	$ —%	$ —%	$ —%	$1,000	$ 500	$ 1,620
Weighted-average interest rate	—%	—%	—%	—%	4.75%	6.75%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2011 (dollars in millions):

	Years Ended and Ending December 31,						December 31, 2011
	2012	2013	2014	2015	2016	Thereafter	Fair Value
Assets							
Finance receivables							
Principal amounts	$3,889	$2,571	$1,532	$ 946	$ 548	$ 265	$9,386
Weighted-average annual percentage rate	15.19%	15.04%	14.87%	14.71%	14.52%	14.60%	
Liabilities							
Credit facilities							
Principal amounts	$1,099	$ —	$ —	$ —	$ —	$ —	$1,099
Weighted-average interest rate	1.88%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	$3,164	$1,481	$1,022	$ 720	$ 422	$ 86	$6,946
Weighted-average interest rate	2.94%	3.51%	4.05%	4.58%	5.18%	3.64%	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ —	$ 500	$ 510
Weighted-average interest rate	—%	—%	—%	—%	—%	6.75%	
Convertible senior notes							
Principal amounts	$ —	$ 1	$ —	$ —	$ —	$ —	$ 1
Weighted-average coupon interest rate	—%	2.13%	—%	—%	—%	—%	

GM Financial estimates the realization of finance receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

* * * * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements of General Motors Company and subsidiaries as of and for the year ended December 31, 2012. Our report dated February 15, 2013 expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's adoption of revised accounting standards related to comprehensive income.

Deloitte & Touche LLP

Detroit, Michigan
February 15, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for each of the three years in the period ended December 31, 2012. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the consolidated financial statements, the Company adopted amendments in Accounting Standards Update (ASU) 2011-05 and 2011-12 to Accounting Standards Codification (ASC) Topic 220, *Comprehensive Income*, effective January 1, 2012.

As discussed in Note 12 to the consolidated financial statements, the Company adopted amendments in ASU 2010-28 to ASC Topic 350, *Intangibles-Goodwill and Other*, effective January 1, 2011.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2012, based on the criteria established in *Internal Control — Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 15, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Detroit, Michigan
February 15, 2013

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
(In millions, except per share amounts)

	Years Ended December 31, 2012	2011	2010
Net sales and revenue			
Automotive sales and revenue	$150,295	$148,866	$135,311
GM Financial revenue	1,961	1,410	281
Total net sales and revenue	152,256	150,276	135,592
Costs and expenses			
Automotive cost of sales	140,236	130,386	118,768
GM Financial operating and other expenses	1,207	785	152
Automotive selling, general and administrative expense	13,593	12,105	11,446
Other automotive expenses, net	438	58	118
Goodwill impairment charges	27,145	1,286	—
Total costs and expenses	182,619	144,620	130,484
Operating income (loss)	(30,363)	5,656	5,108
Automotive interest expense	489	540	1,098
Interest income and other non-operating income, net	845	851	1,531
Gains (losses) on extinguishment of debt	(250)	18	196
Income (loss) before income taxes and equity income	(30,257)	5,985	5,737
Income tax expense (benefit)	(34,831)	(110)	672
Equity income, net of tax and gain on investments	1,562	3,192	1,438
Net income	6,136	9,287	6,503
Net (income) loss attributable to noncontrolling interests	52	(97)	(331)
Net income attributable to stockholders	$ 6,188	$ 9,190	$ 6,172
Net income attributable to common stockholders	$ 4,859	$ 7,585	$ 4,668
Earnings per share (Note 25)			
Basic			
Basic earnings per common share	$ 3.10	$ 4.94	$ 3.11
Weighted-average common shares outstanding	1,566	1,536	1,500
Diluted			
Diluted earnings per common share	$ 2.92	$ 4.58	$ 2.89
Weighted-average common shares outstanding	1,675	1,668	1,624

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2012	**2011**	**2010**
Net income	$ 6,136	$ 9,287	$6,503
Other comprehensive income (loss), net of tax			
Foreign currency translation adjustments	(103)	(183)	210
Cash flow hedging gains (losses), net	(2)	25	(22)
Unrealized gains (losses) on securities, net	45	1	(7)
Defined benefit plans, net	(2,120)	(6,958)	(545)
Other comprehensive loss, net of tax	(2,180)	(7,115)	(364)
Comprehensive income	3,956	2,172	6,139
Comprehensive (income) loss attributable to noncontrolling interests	41	(87)	(318)
Comprehensive income attributable to stockholders	$ 3,997	$ 2,085	$5,821

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	December 31, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 18,422	$ 16,071
Marketable securities	8,988	16,148
Restricted cash and marketable securities	686	1,005
Accounts and notes receivable (net of allowance of $311 and $331)	10,395	9,964
GM Financial finance receivables, net (including gross consumer finance receivables transferred to SPEs of $3,444 and $3,295)	4,044	3,251
Inventories	14,714	14,324
Equipment on operating leases, net	1,782	2,464
Deferred income taxes	9,429	527
Other current assets	1,536	1,169
Total current assets	69,996	64,923
Non-current Assets		
Restricted cash and marketable securities	682	1,228
GM Financial finance receivables, net (including gross consumer finance receivables transferred to SPEs of $6,458 and $5,773)	6,954	5,911
Equity in net assets of nonconsolidated affiliates	6,883	6,790
Property, net	24,196	23,005
Goodwill	1,973	29,019
Intangible assets, net	6,809	10,014
GM Financial equipment on operating leases, net (including assets transferred to SPEs of $540 and $274)	1,649	785
Deferred income taxes	27,922	512
Other assets	2,358	2,416
Total non-current assets	79,426	79,680
Total Assets	$149,422	$144,603
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	$ 25,166	$ 24,551
Short-term debt and current portion of long-term debt		
Automotive (including certain debt at VIEs of $228 and $171; Note 15)	1,748	1,682
GM Financial	3,770	4,118
Accrued liabilities (including derivative liabilities at VIEs of $18 and $44; Note 15)	23,308	22,875
Total current liabilities	53,992	53,226
Non-current Liabilities		
Long-term debt		
Automotive (including certain debt at VIEs of $122 and $7; Note 15)	3,424	3,613
GM Financial	7,108	4,420
Postretirement benefits other than pensions	7,309	6,836
Pensions	27,420	25,075
Other liabilities and deferred income taxes	13,169	12,442
Total non-current liabilities	58,430	52,386
Total Liabilities	112,422	105,612
Commitments and contingencies (Note 20)		
Equity		
Preferred stock, $0.01 par value, 2,000,000,000 shares authorized:		
Series A (276,101,695 shares issued and outstanding (each with a $25.00 liquidation preference) at December 31, 2012 and 2011)	5,536	5,536
Series B (99,988,796 and 100,000,000 shares issued and outstanding (each with a $50.00 liquidation preference) at December 31, 2012 and 2011)	4,855	4,855
Common stock, $0.01 par value (5,000,000,000 shares authorized and 1,366,373,526 shares and 1,564,727,289 shares issued and outstanding at December 31, 2012 and 2011)	14	16
Capital surplus (principally additional paid-in capital)	23,834	26,391
Retained earnings	10,057	7,183
Accumulated other comprehensive loss	(8,052)	(5,861)
Total stockholders' equity	36,244	38,120
Noncontrolling interests	756	871
Total Equity	37,000	38,991
Total Liabilities and Equity	$149,422	$144,603

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31,		
	2012	**2011**	**2010**
Cash flows from operating activities			
Net income	$ 6,136	$ 9,287	$ 6,503
Depreciation, impairment charges and amortization expense	38,762	7,427	6,930
Foreign currency remeasurement and transaction losses	117	55	210
Amortization of discount and issuance costs on debt issues	188	160	135
Undistributed earnings of nonconsolidated affiliates and gain on investments	(179)	(1,947)	(753)
Pension contributions and OPEB payments	(3,759)	(2,269)	(5,723)
Pension and OPEB (income) expense, net	3,232	(755)	412
(Gains) losses on extinguishment of debt	250	(18)	(196)
Provisions (benefits) for deferred taxes	(35,561)	(318)	254
Change in other investments and miscellaneous assets	(57)	(155)	(137)
Change in other operating assets and liabilities (Note 30)	687	(3,967)	(966)
Other operating activities	789	666	111
Net cash provided by operating activities	10,605	8,166	6,780
Cash flows from investing activities			
Expenditures for property	(8,068)	(6,249)	(4,202)
Available-for-sale marketable securities, acquisitions	(4,650)	(20,535)	(11,012)
Trading marketable securities, acquisitions	(6,234)	(6,571)	(358)
Available-for-sale marketable securities, liquidations	10,519	15,825	5,611
Trading marketable securities, liquidations	7,267	660	343
Acquisition of companies, net of cash acquired	(44)	(53)	(3,042)
Increase due to consolidation of business units	—	—	63
Proceeds from sale of business units/investments, net	18	4,821	317
Increase in restricted cash and marketable securities	(661)	(728)	(918)
Decrease in restricted cash and marketable securities	1,526	2,067	13,915
Purchases and originations of finance receivables	(6,789)	(5,012)	(947)
Principal collections and recoveries on finance receivables	4,674	3,719	871
Purchases of leased vehicles, net	(1,050)	(837)	(11)
Proceeds from termination of leased vehicles	59	47	346
Other investing activities	(72)	106	257
Net cash provided by (used in) investing activities	(3,505)	(12,740)	1,233
Cash flows from financing activities			
Net increase (decrease) in short-term debt	(247)	131	(1,097)
Proceeds from issuance of debt (original maturities greater than three months)	9,036	9,034	1,886
Payments on debt (original maturities greater than three months)	(7,377)	(8,468)	(12,211)
Proceeds from issuance of stock	4	11	4,857
Payments to purchase stock	(5,098)	—	(1,462)
Payments to acquire noncontrolling interest	—	(100)	(6)
Debt issuance costs and fees paid for debt modification	(120)	(50)	(165)
Cash dividends paid (including premium paid on redemption of Series A Preferred Stock)	(939)	(916)	(1,572)
Net cash used in financing activities	(4,741)	(358)	(9,770)
Effect of exchange rate changes on cash and cash equivalents	(8)	(253)	(57)
Net increase (decrease) in cash and cash equivalents	2,351	(5,185)	(1,814)
Cash and cash equivalents reclassified to assets held for sale	—	—	391
Cash and cash equivalents at beginning of period	16,071	21,256	22,679
Cash and cash equivalents at end of period	$ 18,422	$ 16,071	$ 21,256

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

	Series A Preferred Stock	Series B Preferred Stock	Common Stockholders' Common Stock	Common Stockholders' Capital Surplus	Common Stockholders' Retained Earnings (Accumulated Deficit)	Common Stockholders' Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance December 31, 2009	$ —	$ —	$15	$24,040	$ (4,394)	$ 1,588	$ 708	$21,957
Net income	—	—	—	—	6,172	—	331	6,503
Other comprehensive loss	—	—	—	—	—	(351)	(13)	(364)
Reclassification of Series A Preferred Stock to permanent equity	5,536	—	—	—	—	—	—	5,536
Issuance of Series B Preferred Stock	—	4,855	—	—	—	—	—	4,855
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(85)	(85)
Repurchase of noncontrolling interest shares	—	—	—	1	—	—	(7)	(6)
Sale of businesses	—	—	—	—	—	14	(18)	(4)
Stock-based compensation	—	—	—	216	—	—	—	216
Effect of adoption of amendments to ASC 810 regarding variable interest entities	—	—	—	—	—	—	76	76
Cash dividends paid on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock	—	—	—	—	(1,512)	—	—	(1,512)
Other	—	—	—	—	—	—	(13)	(13)
Balance December 31, 2010	5,536	4,855	15	24,257	266	1,251	979	37,159
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Note 12)	—	—	—	—	(1,466)	—	—	(1,466)
Net income	—	—	—	—	9,190	—	97	9,287
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)	(100)
Exercise of common stock warrants	—	—	—	11	—	—	—	11
Stock based compensation	—	—	—	219	—	—	—	219
Pension plan stock contribution (Note 18)	—	—	1	1,863	—	—	—	1,864
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)	(54)
Deconsolidation of noncontrolling interest shares	—	—	—	—	—	—	(9)	(9)
Other	—	—	—	—	52	—	2	54
Balance December 31, 2011	5,536	4,855	16	26,391	7,183	(5,861)	871	38,991
Net income (loss)	—	—	—	—	6,188	—	(52)	6,136
Other comprehensive income (loss)	—	—	—	—	—	(2,191)	11	(2,180)
Purchase and retirement of common stock	—	—	(2)	(2,652)	(2,455)	—	—	(5,109)
Exercise of common stock warrants	—	—	—	5	—	—	—	5
Stock based compensation	—	—	—	89	—	—	—	89
Conversion of Series B Preferred Stock to common stock	—	—	—	1	—	—	—	1
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(80)	(80)
Other	—	—	—	—	—	—	6	6
Balance December 31, 2012	$5,536	$4,855	$14	$23,834	$10,057	$(8,052)	$ 756	$37,000

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM." General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM" as it is the predecessor entity solely for accounting and financial reporting purposes. Old GM was renamed Motors Liquidation Company (MLC), which was dissolved on December 15, 2011 and transferred its remaining assets and liabilities to the Motors Liquidation Company GUC Trust (GUC Trust).

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial).

We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes investments in Ally Financial, Inc. (Ally Financial), certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Note 2. Basis of Presentation

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest and our consolidated variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments, and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Change in Presentation of Financial Statements

In 2012 we changed the presentation of our consolidated balance sheet, consolidated statements of cash flows and certain notes to the consolidated financial statements to classify the assets and liabilities of GM Financial as current or non-current and to combine line items which were either of a related nature or not individually material. We have made corresponding reclassifications to the comparable information for all periods presented.

Venezuelan Exchange Regulations

Our Venezuelan subsidiaries changed their functional currency from Bolivar Fuerte (BsF), the local currency, to the U.S. Dollar, our reporting currency, on January 1, 2010 because of the hyperinflationary status of the Venezuelan economy. In January 2010 there was a devaluation of the Venezuelan currency and establishment of dual fixed exchange rates, an essential rate and a nonessential rate.

In June 2010 the Venezuelan government introduced additional foreign currency exchange control regulations, which imposed restrictions on the use of the parallel foreign currency exchange market, thereby making it more difficult to convert BsF to U.S. Dollars. The restrictions on the foreign currency exchange market affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations that do not qualify to be processed by the Venezuela currency exchange agency at the official exchange rates as well as our ability to fully benefit from these operations.

Effective January 1, 2011 the BsF was further devalued and the essential rate was eliminated. The devaluation has affected results of operations from that date forward because our Venezuelan subsidiaries no longer realize gains that result from favorable foreign currency exchanges processed by the Venezuela currency exchange agency at the essential rate.

The aggregate net assets of our Venezuelan subsidiaries at December 31, 2012 and 2011 were $786 million and $438 million. At December 31, 2012 and 2011 other consolidated entities have receivables from our Venezuelan subsidiaries of $379 million and $380 million. The total amounts pending government approval for settlement at December 31, 2012 and 2011 were BsF 2.2 billion (equivalent to $523 million) and BsF 2.3 billion (equivalent to $535 million), for which some requests have been pending from 2007.

In February 2013 the Venezuelan government announced that the official fixed exchange rate of BsF 4.3 to $1.00 would be changed to BsF 6.3 to $1.00. The devaluation did not have an effect on the 2012 consolidated financial statements; however, the devaluation will require remeasurement of our Venezuelan subsidiaries' non-U.S. dollar denominated monetary assets and liabilities in the three months ending March 31, 2013. The devaluation effective date is February 13, 2013 and is expected to result in a charge in the range of $150 million to $200 million.

Note 3. Significant Accounting Policies

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and all risks and rewards of ownership have passed to our customers. For the majority of our automotive sales, this occurs when a vehicle is released to the carrier responsible for transporting to a dealer and when collectability is reasonably assured. Vehicle sales are recorded when the vehicle is delivered to the dealer in most remaining cases. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive sales and revenue at the time of vehicle sales. All other incentives, allowances, and rebates related to vehicles previously sold are recorded as reductions to Automotive sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Automotive Financing — GM Financial

Finance income earned on receivables is recognized using the effective interest method. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy, and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual resumes once an account has received payments bringing the delinquency to less than 60 days past due.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising and Promotion Expense

The following table summarizes advertising and promotion expenditures, which are expensed as incurred (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Advertising and promotion expense	$5,372	$5,209	$4,742

Research and Development Expenditures

The following table summarizes research and development expenditures, which are expensed as incurred (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Research and development expense	$7,368	$8,124	$6,962

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Allowance for Doubtful Accounts

Automotive

The following table summarizes activity in our allowance for doubtful accounts (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$331	$252	$250
Amounts charged (credited) to costs and expenses	(10)	159	93
Other	36	3	—
Deductions	(46)	(83)	(91)
Balance at end of period	$311	$331	$252

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 —Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded, net of related income taxes, in Accumulated other comprehensive income until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available, and an income approach in other cases. Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt, certificates of deposit, and corporate debt securities are classified as Level 2. Our pricing vendor utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields, and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in securities are other-than-temporary. Factors considered in determining whether a loss on a marketable security is other-than-temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

Pre-Acquisition Consumer Finance Receivables

Finance receivables originated prior to the acquisition of AmeriCredit Corp. (AmeriCredit) were adjusted to fair value at October 1, 2010. As a result of the acquisition the allowance for loan losses at October 1, 2010 was eliminated and a net discount was recorded on the receivables. The fair value of the receivables was less than the principal amount of those receivables, thus resulting in a discount to par. This discount was attributable, in part, to future credit losses that did not exist at the origination of the receivables.

A non-accretable difference is the excess between a loan's contractually required payments (undiscounted amount of all uncollected principal and contractual interest payments, both past due and scheduled for the future) and the amount of the loan's cash flows expected to be collected. An accretable yield is the excess in the loan's cash flows expected to be collected over the initial investment in the loan, which at October 1, 2010 was fair value.

As a result of acquisition accounting GM Financial evaluated the common risk characteristics of the loan portfolio and split it into several pools. GM Financial's policy is to remove a charged off loan individually from a pool based on comparing any amount received with its contractual amount. Any difference between these amounts is absorbed by the non-accretable difference. This removal method assumes that the amount received approximates pool performance expectations. The remaining accretable yield balance is unaffected and any material change in remaining effective yield caused by this removal method is addressed by GM Financial's quarterly cash flow evaluation process for each pool. For loans that are resolved by payment in full there is no release of the non-accretable difference for the pool because there is no difference between the amount received and the contractual amount of the loan.

Any deterioration in the performance of the pre-acquisition receivables will result in recording an incremental provision for loan losses. Improvements in the performance of the pre-acquisition receivables which results in a significant increase in actual or expected cash flows will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

Post-Acquisition Consumer Finance Receivables and Allowance for Loan Losses

Finance receivables originated after the acquisition of AmeriCredit are carried at amortized cost, net of allowance for loan losses. Provisions for loan losses are charged to operations in amounts sufficient to maintain an allowance for loan losses at a level considered adequate to cover probable credit losses inherent in GM Financial's post-acquisition finance receivables.

The allowance for loan losses is established systematically based on the determination of the amount of probable credit losses inherent in the post-acquisition finance receivables as of the balance sheet date. GM Financial reviews charge-off experience factors, delinquency reports, historical collection rates, estimates of the value of the underlying collateral, economic trends, such as unemployment rates, and other information in order to make the necessary judgments as to probable credit losses. GM Financial also uses historical charge-off experience to determine a loss confirmation period, which is defined as the time between when an event, such as delinquency status, giving rise to a probable credit loss occurs with respect to a specific account and when such account is charged off. This loss confirmation period is applied to the forecasted probable credit losses to determine the amount of losses inherent in finance receivables at the balance sheet date. Assumptions regarding credit losses and loss confirmation periods are reviewed periodically and may be impacted by actual performance of finance receivables and changes in any of the factors discussed above. Should the credit loss assumption or loss confirmation period increase, there would be an increase in the amount of allowance for loan losses required, which would decrease the net carrying value of finance receivables and increase the amount of provision for loan losses recorded on the consolidated statements of operations.

Inventory

Inventories are stated at the lower of cost or market.

Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage, or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation, net of origination fees or costs, and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Depreciation of vehicles is provided on a straight-line basis to an estimated residual value over the term of the lease agreement.

We have significant investments in vehicles in operating lease portfolios, which are composed of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average nine months or less. We are exposed to changes in the residual values of those assets. For impairment purposes, the residual values represent estimates of the values of the vehicles leased at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicles leased. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our Automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. In our Automotive Finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded for any difference between the net book value of the lease asset and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income, net of tax and gain on investments. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. The gross amount of assets under capital leases is included in property, plant and equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales, Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. We amortize all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Impairment charges related to special tools are recorded in Automotive cost of sales.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently, if events occur or circumstances change that would warrant such a review. When the fair value of a reporting unit falls below its carrying amount an impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA, GME, GM Financial and various reporting units within the GMIO and GMSA segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GM Financial also does not contain reporting units below the operating segment level. GMIO and GMSA are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships and dealer networks.

Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. If that pattern cannot be reliably determined, a straight-line amortization method is used. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life. Impairment charges related to intangible assets are recorded in Automotive selling, general and administrative expense or Automotive cost of sales.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA, GME, and GM Financial and tested at or within our various reporting units within our GMIO and GMSA segments. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan's termination date for the plan which provides legal services.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany represents 92% of the non-U.S. pension benefit obligation at December 31, 2012. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach, similar to the U.S. approach.

In countries other than the U.S., Canada, United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions using foreign currency swaps or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV) as provided by the investment sponsor or third-party administrator. Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

Common and Preferred Stock

Common and preferred stock for which market prices are readily available at the measurement date, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors. We may consider other security attributes such as liquidity and market activity in assessing the observability of inputs used by pricing services or dealers, which may affect classification in the fair value hierarchy.

Government, Agency and Corporate Debt Securities

U.S. government and government agency obligations, foreign government and government agency obligations, municipal securities, supranational obligations, corporate bonds, bank notes, and preferred securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions. We may consider other security attributes such as liquidity, market activity, price level, credit ratings and geo-political risk in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Agency and Non-Agency Mortgage and Other Asset-Backed Securities

U.S. and foreign government agency mortgage and asset-backed securities, non-agency collateralized mortgage obligations, commercial mortgage securities, residential mortgage securities and other asset-backed securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as prepayment speed assumptions, attributes of the collateral, yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices are classified in Level 2. Securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of prepayment curves, discount rates, default assumptions and recovery rates. We may consider other security attributes such as liquidity, market activity, price level and other factors in assessing the observability of inputs used by pricing services or dealers, which may affect classification.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded, and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments in private investment funds, which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Direct investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified as Level 3.

Fair value estimates for private investment funds, private equity, private debt, and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether an adjustment is necessary. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investment(s) or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short term, and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation. We may adjust the external valuation to ensure fair value as of the balance sheet date.

Derivatives

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through independent pricing services with observable inputs are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities and yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Extended Disability Benefits

Estimated extended disability benefits are accrued ratably over the employee's active service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations. The liability is composed of the future obligations for income replacement, healthcare costs and life insurance premiums for employees currently disabled and those in the active workforce who may become disabled. Future disabilities are estimated in the current workforce using actuarial methods based on historical experience. We record actuarial gains and losses immediately in earnings.

Labor Force

On a worldwide basis, we have a concentration of the workforce working under the guidelines of unionized collective bargaining agreements. At December 31, 2012 50,000 of our U.S. employees (or 62%) were represented by unions, the majority of which were represented by the International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW). The current labor contract with the UAW is effective for a four-year term that began in October 2011 and expires in September 2015. The contract included a $5,000 lump sum payment to each eligible UAW employee in the year ended December 31, 2011 and three additional lump-sum payments of $1,000 to be paid annually in the years ending December 31, 2012, 2013 and 2014. These lump-sum payments expected to total $381 million are being amortized over the four-year contract period.

Job Security Programs

Effective with our current labor agreement with the UAW the Job Opportunity Bank Program was eliminated and the Supplemental Unemployment Benefit (SUB) program and the Transitional Support Program (TSP) were retained. These modified job security programs provide employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. A similar tiered benefit is provided to Canadian Auto Workers Union (CAW) employees. We recognize a liability for these SUB/TSP benefits over the expected service period of employees, based on our best estimate of the probable liability at the measurement date.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value which is the fair value of our common stock on the date of grant, or for restricted stock units (RSUs) granted prior to our public offering, the fair value of our common stock as of the date of the public offering. We record compensation cost for the awards on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period.

Salary stock awards granted are fully vested and nonforfeitable upon grant; therefore, compensation cost is recorded on the date of grant.

The liability for stock incentive plan awards settled in cash is remeasured to fair value at the end of each reporting period.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary, based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims.

The estimated costs related to product recalls are based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements, using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. We consider the following possible sources of taxable income when assessing the realization of deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors, including but not limited to:

- Nature, frequency, and severity of recent losses;
- Duration of statutory carryforward periods;

- Historical experience with tax attributes expiring unused; and
- Near- and medium-term financial outlook.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Discontinued operations or Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority.

We record interest and penalties on uncertain tax positions in Income tax expense (benefit).

Derivative Instruments

We are party to a variety of foreign currency exchange rate, commodity, interest rate swap and interest rate cap derivative contracts entered into in connection with the management of exposure to fluctuations in certain foreign currency exchange rates, commodity prices and interest rates.

In connection with certain long-term supply contracts that we have entered into, we have identified embedded derivatives which we have bifurcated for valuation and accounting purposes.

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable. GM Financial's special purpose entities (SPEs) are contractually required to purchase derivative instruments as credit enhancements in connection with securitization transactions and credit facilities. These financial exposures and contractual requirements are managed in accordance with corporate policies and procedures and a risk management control system is used to assist in monitoring hedging programs, derivative positions and hedging strategies. Hedging documentation includes hedging objectives, practices and procedures and the related accounting treatment.

The accounting for changes in the fair value of each derivative financial instrument depends on whether it has been designated and qualifies as an accounting hedge, as well as the type of hedging relationship identified. Derivative financial instruments entered into by our automotive operations are not designated in hedging relationships. Certain of the derivatives entered into by GM Financial have been designated in cash flow hedging relationships. Derivatives that receive hedge accounting treatment are evaluated for effectiveness at the time they are designated as well as throughout the hedging period. We do not hold derivative financial instruments for speculative purposes.

All derivatives are recorded at fair value and presented gross in the consolidated balance sheets. Internal models are used to value a majority of derivatives. The models use, as their basis, readily observable market inputs, such as time value, forward interest rates, volatility factors and current and forward market prices for foreign currency exchange rates and commodities. We estimate our nonperformance risk using our corporate credit rating, the rating on our secured revolver, and yields on traded bonds of companies with comparable credit ratings and risk profiles. Derivative contracts that are valued based upon models with significant unobservable market inputs, primarily price, are classified in Level 3.

We record the earnings effect resulting from the change in fair value of automotive operations derivative instruments in Interest income and other non-operating income, net. We record the earnings effect resulting from the change in fair value of derivative instruments entered into by GM Financial in GM Financial operating and other expenses.

Effective changes in fair value of derivatives designated as cash flow hedges are recorded in Cash flow hedging gains (losses), net within a separate component of Other comprehensive income (OCI). Amounts are reclassified from Accumulated other comprehensive income when the underlying hedged item affects earnings. All ineffective changes in fair value are recorded in earnings. We also discontinue hedge accounting prospectively when it is determined that a derivative instrument has ceased to be effective as an accounting hedge or if the underlying hedged cash flow is no longer probable of occurring.

We enter into contracts with counterparties that we believe are creditworthy and generally settle on a net basis. We perform a quarterly assessment of our counterparty credit risk, including a review of credit ratings, credit default swap rates and potential nonperformance of the counterparty. Based on our most recent quarterly assessment of our counterparty credit risk, we consider this risk to be low.

The cash flows from derivative instruments are classified in the same categories as the hedged items in the consolidated statement of cash flows.

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries, that use the local currency as their functional currency, are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive income. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency, and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net.

The following table summarizes the effects of foreign currency transactions and remeasurement (dollars in millions):

	Years Ended December 31,		
	2012	**2011**	**2010**
Foreign currency transaction and remeasurement losses	$117	$55	$210

Recently Adopted Accounting Principles

In 2012 we adopted the provisions of Accounting Standards Update (ASU) 2011-05, “Presentation of Comprehensive Income” (ASU 2011-05) that requires presentation of all non-owner changes in equity in one continuous statement of comprehensive income or in two separate but consecutive statements. We elected to provide a separate statement of comprehensive income for all periods presented. The amendments in this update do not change the items that must be reported in OCI or when an OCI item must be reclassified to net income. The adoption of ASU 2011-05 did not affect our consolidated statements of financial position, results of operations and cash flows.

ASU 2011-05 was modified in December 2011 by the issuance of ASU 2011-12, “Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05.” This update indefinitely defers certain provisions of ASU 2011-05 that require the disclosure of the amount of reclassifications of items from OCI to net income by component of net income and by component of OCI.

Note 4. Acquisition and Disposal of Businesses

Sale of General Motors Strasbourg S.A.S.

In December 2012 we entered into a definitive agreement to sell 100% of our equity interest of General Motors Strasbourg S.A.S. (GMS), which was included in our GME segment, for cash of one Euro to an external third-party. GMS is engaged in the business of developing and manufacturing automatic transmissions for luxury and performance light automotive vehicles. We acquired GMS in October 2010 as subsequently discussed. GMS's assets and liabilities were adjusted to their estimated fair value of one Euro upon entering into the definitive agreement. The resulting charge of $119 million was recorded in Interest income and other non-operating income, net. In January 2013 we completed the sale of GMS. GMS's assets, composed primarily of accounts receivable and inventories, and its liabilities composed primarily of accounts payable and accrued liabilities were classified as held for sale and were included in Current Assets and Current Liabilities.

Definitive Agreement to Acquire Certain Ally Financial International Operations

In November 2012 GM Financial entered into an agreement with Ally Financial to acquire 100% of the outstanding equity interests of its automotive finance and financial services operations in Europe and Latin America and a separate agreement to acquire Ally Financial's non-controlling equity interests in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC), which conducts automotive finance and other financial services in China. The combined consideration will be approximately $4.2 billion in cash, subject to certain closing adjustments. These transactions will enable GM Financial to provide automotive finance and other financial services to customers in European, Latin American and Chinese markets. The closings of the transactions contemplated by the agreements are subject to satisfaction of certain closing conditions, including obtaining applicable regulatory approvals and third-party consents and other customary closing conditions, and are expected to close in stages throughout 2013.

Acquisition of SAIC GM Investment Limited

In September 2012 SAIC Motor Hong Kong Investment Limited (SAIC-HK) exercised its option to not participate in future capital injections to SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively HKJV). We agreed with SAIC-HK to settle a promissory note due from HKJV to us in exchange for HKJV's issuance of 257 million Class B shares at face value of $1.17 per share. SAIC-HK's equity interest in HKJV was diluted from 50% to 14% and we obtained control of HKJV with an 86% interest and consolidated HKJV effective September 1, 2012. We recognized a gain of $51 million measured as the difference between the fair value of our 50% interest in HKJV and the investment carrying amount at the date of acquisition of which $50 million was recorded in Equity income, net of tax and gain on investments. In addition we invested $125 million in HKJV and acquired 186 million Class A shares at face value of $0.6708 per share, which increased our interest in HKJV from 86% to 90.8%. Refer to Note 10 for additional details on our investment in HKJV prior to acquisition.

The following table summarizes the consideration paid and the HKJV assets acquired and liabilities assumed, which are included in our GMIO segment (dollars in millions):

	September 1, 2012
Consideration	
Fair value of our previously held investment	$ 74
Consideration paid for Shanghai Automotive Industry Corporation's (SAIC) portion of the promissory note	150
Settlement of written put option	(94)
Total consideration	$ 130
Fair value of the noncontrolling interest	$ 21
Assets acquired and liabilities assumed	
Cash	$ 17
Accounts receivable	124
Inventory	132
Other current assets	13
Property	385
Goodwill	61
Other non-current assets	59
Current liabilities	(483)
Non-current liabilities	(157)
	$ 151

When applying the acquisition method of accounting deferred tax assets and related valuation allowances give rise to goodwill, which is a residual. None of the goodwill from this transaction is deductible for tax purposes. We did not provide pro forma financial information because we do not believe the information is material.

Acquisition of GMAC South America LLC

In March 2012 we acquired from Ally Financial for cash of $29 million 100% of the outstanding equity interests of GMAC South America LLC whose only asset is GMAC de Venezuela CA (GMAC Venezuela) comprising the business and operations of Ally Financial in Venezuela. This acquisition provides us with a captive finance offering in Venezuela which we believe is important in maintaining market position and will provide continued sources of financing for our Venezuela dealers and customers.

We recorded the fair value of the assets acquired and liabilities assumed as of March 1, 2012, the date we obtained control, and have included GMAC Venezuela's results of operations and cash flows from that date forward. The following table summarizes the amounts recorded in connection with the acquisition of GMAC Venezuela, which are included in our GMSA segment (dollars in millions):

	March 1, 2012
Cash	$ 79
Other assets	11
Liabilities	(11)
Bargain purchase gain	(50)
Consideration paid	$ 29

We determined the excess of net assets acquired over consideration paid was attributable to the measurement differences between the BsF denominated assets and liabilities valued using the official foreign exchange rate, as required by U.S. GAAP, and the enterprise value which has been discounted to reflect the uncertainty surrounding our ability to convert the BsF to U.S. Dollars and the risks of operating in a politically unstable country. The measurement differences do not qualify to be recorded in the application of the acquisition method of accounting, and we recorded the excess of net assets acquired over the consideration paid as a bargain purchase gain. The bargain purchase gain was recorded in Interest income and other non-operating income, net. We did not provide pro forma financial information because we do not believe the information is material.

Acquisition of Additional GM Korea Interests

In March 2011 we completed the acquisition of an additional 6.9% interest in GM Korea Company (GM Korea) for cash of $100 million. The transaction was accounted for as an equity transaction as we retain the controlling financial interest in GM Korea. This transaction reduced our equity attributable to Noncontrolling interests by $134 million and our Accumulated other comprehensive income by $7 million and increased our Capital surplus by $41 million. We now own 77.0% of the outstanding shares of GM Korea.

Acquisition of AmeriCredit

In October 2010 we acquired 100% of the outstanding equity interests of AmeriCredit, an automotive finance company, renamed General Motors Financial Company, Inc., for cash of $3.5 billion. This acquisition allows us to provide a more complete range of financing options to our customers across the U.S. and Canada, specifically focusing on providing additional capabilities in leasing and sub-prime vehicle financing options.

The following table summarizes the consideration paid, acquisition-related costs, and the assets acquired and liabilities assumed recognized at the acquisition date in connection with the acquisition of AmeriCredit (dollars in millions, except per share amounts):

	October 1, 2010
Consideration	
Cash paid to AmeriCredit common shareholders of $24.50 per share	$ 3,327
Cash paid to cancel outstanding stock warrants	94
Cash paid to settle equity-based compensation awards	33
Total consideration	$ 3,454
Acquisition-related costs (a)	$ 43
Assets acquired and liabilities assumed	
Cash	$ 538
Restricted cash	1,136
Finance receivables (b)	8,231
Other assets, including identifiable intangible assets	200
Securitization notes payable and other borrowings (c)	(7,564)
Other liabilities	(352)
Identifiable net assets acquired	2,189
Goodwill resulting from the acquisition of AmeriCredit	1,265
	$ 3,454

(a) Acquisition-related costs of $43 million were expensed as incurred. The acquisition related costs include $27 million recorded in Automotive selling, general and administrative expense and $16 million recorded in GM Financial operating and other expenses.

(b) The fair value of Finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries, finance charge income and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. As of the acquisition date, the contractually required payments receivable was $10.7 billion of which $9.7 billion was expected to be collected.

(c) The fair value of Securitization notes payable and other borrowings was principally determined using quoted market rates.

We recorded goodwill in the amount of $1.3 billion for the excess of consideration paid over the fair value of the individual assets acquired and liabilities assumed. Goodwill includes $153 million recorded to establish a valuation allowance for deferred tax assets that was not applicable to GM Financial on a stand-alone basis. All of the goodwill was assigned to the GM Financial reporting unit. The goodwill expected to be tax deductible is $159 million and was generated from previous acquisitions by GM Financial.

The results of operations of GM Financial are included in our results beginning October 1, 2010. The following table summarizes the actual amounts of revenue and earnings of GM Financial included in our consolidated financial statements for the years ended December 31, 2012, 2011 and 2010, as well as the supplemental pro forma revenue and earnings of the combined entity for the year ended December 31, 2010 as if the acquisition had occurred on January 1, 2010 (dollars in millions):

	GM Financial Amounts For Year Ended December 31,			Pro Forma-Combined (Unaudited)
	2012	2011	2010	Year Ended December 31, 2010
Total net sales and revenue	$1,961	$1,410	$281	$136,645
Net income attributable to stockholders	$ 567	$ 440	$ 90	$ 6,651

The supplemental pro forma information was adjusted to give effect to the tax effected amortization of a premium on finance receivables and a premium on securitization notes payable and other borrowings, depreciation and amortization related to other assets and acquisition related costs. The pro forma information should not be considered indicative of the results had the acquisition been consummated on January 1, 2010, nor are they indicative of future results.

Sale of Nexteer

In November 2010 we completed the sale of Nexteer Automotive Corporation (Nexteer), a manufacturer of steering components and half-shafts, which was included in our GMNA segment, to Pacific Century Motors. The sale of the Nexteer business included the global steering business which was acquired in October 2009.

We received consideration of $426 million in cash and a $39 million promissory note in exchange for 100% of our ownership interest in Nexteer and recorded a gain of $60 million on the sale which is recorded in Interest income and other non-operating income, net. Subsequent to the sale, Nexteer became one of our third-party suppliers. During the year ended December 31, 2010 Nexteer recorded revenue of $1.8 billion, of which $939 million were sales to us.

Acquisition of GMS

In October 2010 we acquired 100% of the outstanding equity interest of GMS for cash of one Euro from MLC. We recorded the fair value of the assets acquired and liabilities assumed as of October 1, 2010 and have included GMS's results of operations and cash flows from that date forward. GMS was sold in January 2013 as previously discussed. The following table summarizes the amounts recorded in connection with the acquisition of GMS, which are included in our GME segment (dollars in millions):

	October 1, 2010
Assets acquired and liabilities assumed	
Cash	$ 49
Accounts receivable (a)	60
Inventory	56
Property, net	25
Other non-current assets	3
Current liabilities	(116)
Non-current liabilities	(11)
Bargain purchase gain	$ 66

(a) Accounts receivable includes $32 million that is due from us.

We determined that the excess of fair value over consideration paid was attributable to potential future restructuring scenarios made necessary due to the uncertainty in sales demand beyond in-place supply agreements. Restructuring costs, if incurred, would be expensed in future periods. As potential future restructuring activities do not qualify to be recorded as a liability in the application of the acquisition method of accounting, none was recorded, and we recorded the excess as a bargain purchase gain, recorded in Interest income and other non-operating income, net. We did not provide the pro forma financial information because we do not believe the information was material.

Saab Sale

In February 2010 we completed the sale of Saab Automobile AB and in May 2010 we completed the sale of Saab Automobile GB (collectively Saab) to Spyker Cars NV. Of the negotiated cash purchase price of $74 million, we received $50 million at closing and received the remainder in July 2010. We also received preference shares in Saab with a face value of $326 million and an estimated fair value that is insignificant and received $114 million as repayment of the debtor-in-possession financing that we provided to Saab during 2009. In the year ended December 31, 2010 we recorded a gain of $123 million in Interest income and other non-operating income, net reflecting cash received of $166 million less net assets with a book value of $43 million.

Note 5. GM Financial Finance Receivables, net

In April 2012 GM Financial commenced commercial lending activities in the U.S. centered on floorplan financing of dealer vehicle inventory and dealer loans to finance dealer sites, facilities, facility improvements and working capital. These loans are made on a secured basis.

The following table summarizes GM Financial finance receivables, net relating to consumer and commercial activities (dollars in millions):

	December 31, 2012	December 31, 2011
Current	$ 4,044	$3,251
Non-current	6,954	5,911
Total GM Financial finance receivables, net	$10,998	$9,162

The following table summarizes the components of GM Financial finance receivables, net relating to consumer and commercial activities (dollars in millions):

	December 31, 2012	December 31, 2011
Pre-acquisition finance receivables, outstanding balance	$ 2,162	$4,366
Pre-acquisition finance receivables, carrying amount	$ 1,958	$4,027
Post-acquisition finance receivables, net of fees (a)	9,391	5,314
Total finance receivables	11,349	9,341
Less: allowance for loan losses on post-acquisition finance receivables (a)	(351)	(179)
Total GM Financial finance receivables, net	$10,998	$9,162

(a) At December 31, 2012 the balance includes finance receivables and loans of $560 million and allowance for loan losses of $6 million in connection with the commercial lending program.

The following table summarizes activity for finance receivables relating to consumer and commercial activities (dollars in millions):

	Years Ended December 31,	
	2012	2011
Pre-acquisition finance receivables, carrying amount, beginning of period	$ 4,027	$ 7,299
Post-acquisition finance receivables, beginning of period	5,314	924
Loans originated or purchased (a)	6,806	5,085
Charge-offs	(304)	(66)
Principal collections and other (a)	(4,324)	(3,418)
Change in carrying amount adjustment on the pre-acquisition finance receivables	(170)	(483)
Balance at end of period	$11,349	$ 9,341

(a) Includes finance receivables and loans originated of $1.2 billion and principal collections of $667 million in connection with the commercial lending program for the year ended December 31, 2012.

The following table summarizes carrying amount and estimated fair value of GM Financial finance receivables, net (dollars in millions):

	December 31, 2012		December 31, 2011	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
GM Financial finance receivables, net	$10,998	$11,313	$9,162	$9,386

GM Financial determined the fair value of consumer finance receivables using Level 3 inputs within a cash flow model. The Level 3 inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the finance receivable portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows are calculated and discounted using a weighted-average cost of capital (WACC) using unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity and maturity profile as the portfolio. Macroeconomic factors could negatively affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model.

Substantially all commercial finance receivables have variable interest rates and maturities of one year. Therefore, the carrying amount is considered to be a reasonable estimate of fair value.

GM Financial purchases consumer finance contracts from automobile dealers without recourse, and accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

At December 31, 2012 and 2011 the accrual of finance charge income has been suspended on delinquent consumer finance receivables based on contractual amounts due of $503 million and $439 million. At December 31, 2012 there were no commercial finance receivables or loans on non-accrual status.

GM Financial reviews its pre-acquisition portfolio for differences between contractual cash flows and the cash flows expected to be collected from its initial investment in the pre-acquisition portfolio to determine if the difference is attributable, at least, in part to credit quality. For the period ended December 31, 2012 as a result of improvements in the credit performance of the pre-acquisition portfolio, which resulted in an increase of expected cash flows of $170 million, GM Financial transferred the excess non-accretable difference to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes accretable yield (dollars in millions):

	Years Ended December 31,	
	2012	2011
Balance at beginning of period	$ 737	$1,201
Accretion of accretable yield	(503)	(725)
Transfer from non-accretable difference	170	261
Balance at end of period	$ 404	$ 737

The following table summarizes the allowance for post-acquisition loan losses on consumer and commercial finance receivables (dollars in millions):

	December 31, 2012	December 31, 2011
Current	$266	$136
Non-current	85	43
Total allowance for post-acquisition loan losses	$351	$179

The following table summarizes activity for the allowance for post-acquisition loan losses on consumer and commercial finance receivables (dollars in millions):

	Years Ended December 31,		October 1, 2010 Through December 31, 2010
	2012	2011	
Balance at beginning of period	$ 179	$ 26	$—
Provision for loan losses	304	178	26
Charge-offs	(304)	(66)	—
Recoveries	172	41	—
Balance at end of period	$ 351	$179	$26

Credit Quality

Consumer Finance Receivables

Credit bureau scores, generally referred to as FICO scores, are determined during GM Financial's automotive loan origination process. The following table summarizes the credit risk profile of finance receivables by FICO score band, determined at origination (dollars in millions):

	December 31, 2012	December 31, 2011
FICO score less than 540	$ 3,011	$2,133
FICO score 540 to 599	5,014	4,167
FICO score 600 to 659	2,513	2,624
FICO score 660 and greater	455	756
Balance at end of period (a)	$10,993	$9,680

(a) Composed of the sum of pre-acquisition consumer finance receivables - outstanding balance and post-acquisition consumer finance receivables, net of fees.

Commercial Finance Receivables

GM Financial's commercial finance receivables consist of dealer financings. A proprietary model is used to assign a risk rating to each dealer. A credit review of each dealer is performed at least annually and, if necessary, the dealer's risk rating is adjusted on the basis of the review.

Delinquency

Consumer Finance Receivables

The following summarizes the contractual amount of consumer finance receivables, which is not materially different than the recorded investment, more than 30 days delinquent, but not yet in repossession, and in repossession, but not yet charged off (dollars in millions):

	December 31, 2012		December 31, 2011	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
Delinquent contracts				
31-to-60 days	$672	6.1%	$517	5.3%
Greater-than-60 days	230	2.1%	182	1.9%
Total consumer finance receivables more than 30 days delinquent	902	8.2%	699	7.2%
In repossession	31	0.3%	27	0.3%
Total consumer finance receivables more than 30 days delinquent and in repossession	$933	8.5%	$726	7.5%

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. Delinquencies may vary from period to period based upon the average age of the portfolio, seasonality within the calendar year and economic factors.

Commercial Finance Receivables

At December 31, 2012 all commercial finance receivables were current with respect to payment status.

Note 6. Securitizations

Automotive Financing — GM Financial

The following table summarizes securitization activity and cash flows from consolidated SPEs used for securitizations (dollars in millions):

	Years Ended December 31,		October 1, 2010 Through December 31, 2010
	2012	2011	
Receivables securitized	$6,777	$4,828	$743
Net proceeds from securitization	$6,400	$4,550	$700
Servicing fees			
Variable interest entities	$ 242	$ 201	$ 46
Net distributions from trusts			
Variable interest entities	$1,487	$ 852	$216

GM Financial retains servicing responsibilities for receivables transferred to securitization SPEs. At December 31, 2012 and 2011 GM Financial serviced finance receivables that have been transferred to certain SPEs of $9.9 billion and $7.9 billion. At December 31, 2012 and 2011 a Canadian subsidiary of GM Financial serviced leased assets of $625 million and $1.0 billion for a third-party.

Note 7. Marketable Securities

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available and an income approach in other cases. We obtain the majority of the prices used in this valuation from a pricing service. Our pricing service utilizes industry standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of valuations provided by our pricing service, which includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields and prepayment spreads. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices.

Peugeot S.A.

At December 31, 2012, we measured the fair value of our investment in Peugeot S.A. (PSA) common stock using the published stock price and determined the carrying amount of our investment in PSA common stock exceeded its fair value. PSA's stock price has shown no sustained signs of recovery towards the price at which we acquired our seven percent interest in March 2012.

Based upon the 55% decline in PSA common stock price since our acquisition in March 2012 and the nine month duration of the impairment, combined with our fourth quarter reassessment of our European automotive operations, we have concluded that the impairment of our investment in PSA common stock is other-than-temporary. As a result we have transferred the total unrealized losses from Accumulated other comprehensive loss to Interest income and other non-operating income, net resulting in recognition of an impairment charge of $220 million.

GM Korea Preferred Shares

In September 2012 we entered into a transaction to acquire security interests in certain mandatorily redeemable preferred shares issued by GM Korea for $293 million. The transaction did not meet the criteria for an extinguishment of the liability. Subsequently, GM Korea partially redeemed the mandatorily redeemable preferred shares resulting in an extinguishment of the liability and redemption of a portion of the security interests, which is described in more detail in Note 17. The remaining unredeemed interests are classified as available-for-sale corporate debt securities and had a fair value of $177 million at December 31, 2012.

The following tables summarize information regarding marketable securities (dollars in millions):

	December 31, 2012						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents							
Available-for-sale securities							
U.S. government and agencies	$4,190	$—	$—	$ 4,190	$ —	$4,190	$—
Certificates of deposit	120	—	—	120	—	120	—
Money market funds	1,799	—	—	1,799	1,799	—	—
Corporate debt	3,102	—	—	3,102	—	3,102	—
Total available-for-sale securities	$9,211	$—	$—	9,211	1,799	7,412	—
Trading securities							
Sovereign debt				1,408	—	1,408	—
Total trading securities				1,408	—	1,408	—
Total marketable securities classified as cash equivalents				10,619	$1,799	$8,820	$—
Cash, time deposits and other cash equivalents				7,803			
Total cash and cash equivalents				$18,422			
Marketable securities — current							
Available-for-sale securities							
U.S. government and agencies	$1,231	$—	$—	$ 1,231	$ —	$1,231	$—
Sovereign debt	30	—	—	30	—	30	—
Certificates of deposit	10	—	—	10	—	10	—
Corporate debt (a)	2,455	40	—	2,495	—	2,495	—
Equity	—	21	—	21	21	—	—
Total available-for-sale securities	$3,726	$61	$—	3,787	21	3,766	—
Trading securities							
Sovereign debt				5,201	—	5,201	—
Total trading securities				5,201	—	5,201	—
Total marketable securities - current				8,988	21	8,967	—
Marketable securities — non-current							
Available-for-sale securities							
Equity (b)	$ 179	$—	$—	179	179	—	—
Total marketable securities - non-current	$ 179	$—	$—	179	179	—	—
Total marketable securities				$ 9,167	$ 200	$8,967	$—
Restricted cash and marketable securities							
Available-for-sale securities							
Money market funds	$ 933	$—	$—	$ 933	$ 933	$ —	$—
Sovereign debt	23	1	—	24	—	24	—
Other	175	—	—	175	—	175	—
Total marketable securities classified as restricted cash and marketable securities	$1,131	$ 1	$—	1,132	$ 933	$ 199	$—
Restricted cash, time deposits and other restricted cash equivalents				236			
Total restricted cash and marketable securities				$ 1,368			

(a) Includes security interest in the GM Korea mandatorily redeemable preferred shares.

(b) Represents our seven percent ownership in PSA acquired in connection with our agreement with PSA to create a long-term and strategic alliance. The investment is recorded in Other assets.

	December 31, 2011						
		Unrealized			Fair Value Measurements on a Recurring Basis		
	Cost	Gains	Losses	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents							
Available-for-sale securities							
U.S. government and agencies	$ 239	$—	$—	$ 239	$ —	$ 239	$—
Sovereign debt	490	—	—	490	—	490	—
Certificates of deposit	2,028	—	—	2,028	—	2,028	—
Money market funds	1,794	—	—	1,794	1,794	—	—
Corporate debt	5,112	—	—	5,112	—	5,112	—
Total available-for-sale securities	$ 9,663	$—	$—	9,663	1,794	7,869	—
Trading securities							
Sovereign debt				497	—	497	—
Total trading securities				497	—	497	—
Total marketable securities classified as cash equivalents				10,160	$1,794	$ 8,366	$—
Cash, time deposits and other cash equivalents				5,911			
Total cash and cash equivalents				$16,071			
Marketable securities — current							
Available-for-sale securities							
U.S. government and agencies	$ 5,214	$ 2	$—	$ 5,216	$ —	$ 5,216	$—
Sovereign debt	143	—	—	143	—	143	—
Certificates of deposit	178	—	—	178	—	178	—
Corporate debt	4,566	3	4	4,565	—	4,565	—
Total available-for-sale securities	$10,101	$ 5	$ 4	10,102	—	10,102	—
Trading securities							
Equity				34	34	—	—
Sovereign debt				5,936	—	5,936	—
Other debt				76	—	76	—
Total trading securities				6,046	34	6,012	—
Total marketable securities — current				$16,148	$ 34	$16,114	$—
Restricted cash and marketable securities							
Available-for-sale securities							
Money market funds	$ 1,363	$—	$—	$ 1,363	$1,363	$ —	$—
Sovereign debt	15	—	—	15	—	15	—
Other	161	3	—	164	—	164	—
Total marketable securities classified as restricted cash and marketable securities	$ 1,539	$ 3	$—	1,542	$1,363	$ 179	$—
Restricted cash, time deposits and other restricted cash equivalents				691			
Total restricted cash and marketable securities				$ 2,233			

We maintained securities of $84 million as compensating balances to support letters of credit of $70 million at December 31, 2011. At December 31, 2012 these compensating balances were not required.

Sales proceeds from investments in marketable securities classified as available-for-sale and sold prior to maturity were $4.7 billion, $1.6 billion and $11 million in the years ended December 31, 2012, 2011 and 2010.

The following table summarizes the amortized cost and the fair value of investments classified as available-for-sale within cash equivalents, marketable securities and restricted cash by contractual maturity at December 31, 2012 (dollars in millions):

	Amortized Cost	Fair Value
Due in one year or less	$ 9,281	$ 9,318
Due after one year through five years	1,892	1,896
Total contractual maturities of available-for-sale securities	$11,173	$11,214

Note 8. Inventories

The following table summarizes the components of Inventories (dollars in millions):

	December 31, 2012	December 31, 2011
Productive material, supplies and work in process	$ 6,560	$ 6,486
Finished product, including service parts	8,154	7,838
Total inventories	$14,714	$14,324

Note 9. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is composed of vehicle sales to daily rental car companies.

The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	December 31, 2012	December 31, 2011
Equipment on operating leases	$1,946	$2,691
Less: accumulated depreciation	(164)	(227)
Equipment on operating leases, net	$1,782	$2,464

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Depreciation expense	$227	$431	$500
Impairment charges	$181	$151	$ 49

The following table summarizes equipment on operating leases to daily rental car companies measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

		Fair Value Measurements on a Nonrecurring Basis (a)		
	Fair Value Measures	Level 1	Level 2	Level 3
Year ended December 31, 2012	$2,469	$—	$—	$2,469
Year ended December 31, 2011	$2,571	$—	$—	$2,571
Year ended December 31, 2010	$2,310	$—	$—	$2,310

(a) The carrying amount of the related assets at December 31, 2012, 2011 and 2010 may no longer equal the fair value as the fair value presented is as of the date the impairment was recorded during the year presented.

Impairment of vehicles leased to daily rental car companies with guaranteed repurchase obligations is determined to exist if the expected future cash flows are lower than the carrying amount of the vehicle. We have multiple, distinct portfolios of vehicles leased to rental car companies and may have multiple impairments within a period. Expected cash flows include all estimated net revenue and costs associated with the sale to daily rental car companies through disposal at auction. The fair value measurements are determined, reviewed and approved on a monthly basis by personnel with appropriate knowledge of transactions with daily rental car companies and auction transactions.

The following table summarizes the significant quantitative unobservable inputs and assumptions used in the fair value measurement of Equipment on operating leases, net (dollars in millions):

	Valuation Technique	Significant Unobservable Input	Year Ended December 31, 2012
Impaired equipment on operating leases	Cash flow	Estimated net revenue	$2,530
		Estimated costs	$2,711

Automotive Financing — GM Financial

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third-party with servicing retained.

The following table summarizes GM Financial equipment on operating leases, net (dollars in millions):

	December 31, 2012	December 31, 2011
GM Financial equipment on operating leases	$1,910	$860
Less: accumulated depreciation	(261)	(75)
GM Financial equipment on operating leases, net	$1,649	$785

The following table summarizes depreciation expense related to GM Financial equipment on operating leases, net (dollars in millions):

	Year Ended December 31,	
	2012	2011
Depreciation expense	$205	$70

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2013	2014	2015	2016	2017
Minimum rental receipts under operating leases	$331	$274	$160	$33	$2

Note 10. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding Equity income, net of tax and gain on investments (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
China joint ventures (China JVs)	$1,521	$1,511	$1,297
New Delphi (including gain on disposition)	—	1,727	117
Others (including gain on acquisition of HKJV)	41	(46)	24
Total equity income, net of tax and gain on investments	$1,562	$3,192	$1,438

Sales and income of our joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income, net of tax and gain on investments.

We received dividends from nonconsolidated affiliates of $1.4 billion, $1.2 billion and $685 million in the years ended December 31, 2012, 2011 and 2010. At December 31, 2012 and 2011 we had undistributed earnings including dividends declared but not received, of $1.7 billion and $1.6 billion related to our nonconsolidated affiliates.

Investment in China JVs

The following table summarizes our direct ownership interests in China JVs:

	December 31, 2012	December 31, 2011
Shanghai General Motors Co., Ltd. (SGM)	50%	49%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd. (SGMW)	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd. (FAW-GM)	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	49%

SGM is a joint venture established in 1997 by SAIC (50%) and us (50%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import, and sale of a comprehensive range of products under the Buick, Chevrolet and Cadillac brands. SGM also has interests in Shanghai OnStar (20%) and Shanghai Chengxin Used Car (33%). SGM also has a 20% equity interest in GMAC-SAIC, a joint venture established by General Motors Acceptance Corporation (now Ally Financial) (40%) and SAIC Finance Co., Ltd. (40%) in 2007.

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported Buick, Chevrolet and Cadillac brands and the sales of automobiles manufactured by SGM.

In February 2010 we sold a 1% ownership interest in SGM to SAIC-HK, reducing our ownership interest to 49%. The sale of the 1% ownership interest to SAIC was predicated on our ability to work with SAIC to obtain a $400 million line of credit from a commercial bank to us. We also received a call option to repurchase the 1% which was contingently exercisable based on events which we did not unilaterally control. As part of the loan arrangement SAIC provided a commitment whereby, in the event of default, SAIC would purchase the ownership interest in SGM that we pledged as collateral for the loan. We recorded an insignificant gain on the transaction.

In September 2012 we repurchased the 1% interest in SGM for a total consideration of $119 million, increasing our ownership interest in SGM to 50%. The transaction was accounted for by applying the equity method of accounting. The consideration exceeded our proportionate share of the 1% interest in SGM net assets by $82 million, which consists of plant, property and equipment, intangible assets and goodwill of $8 million, $36 million and $38 million.

In November 2010 we purchased an additional 10% interest in SGMW from the Liuzhou Wuling Motors Co., Ltd. and Liuzhou Mini Vehicles Factory, collectively the Wuling Group, for cash of $52 million plus an agreement to provide technical services to the Wuling Group for a period of three years. As a result of this transaction we own 44%, SAIC owns 50.1% and certain Liuzhou investors own 5.9% of the outstanding stock of SGMW.

Sale of New Delphi

In March 2011 we sold our Class A Membership Interests in Delphi Automotive LLP (New Delphi) to New Delphi for $3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to $500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of $1.6 billion related to the sale in Equity income, net of tax and gain on investments. Our existing supply contracts with New Delphi were not affected by this transaction.

Investment in HKJV

In March 2011 the fair value of our investment in HKJV was determined to be less than its carrying amount. The loss in value was determined to be other-than-temporary; therefore, we recorded an impairment charge of $39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling $67 million related to our investment in the HKJV.

We provided SAIC-HK, a 50% equity holder in HKJV through September 1, 2012, an option to not participate in future capital injections, which would otherwise be required under certain circumstances. The related option liability was $88 million and total unrealized losses were $64 million at December 31, 2011. A Monte Carlo option-pricing model was used to estimate the fair value of the option liability which is a Level 3 measure. The key inputs into the option pricing model were the expected volatility, risk-free rate, expected term, fair value of HKJV and expected amounts of the future funding requirement. The fair value estimate of the option was most sensitive to the fair value of HKJV, which was unobservable. A discounted cash flow methodology was utilized to estimate the fair value of HKJV.

In September 2012 SAIC-HK exercised its option to not participate in future capital injections to HKJV. As a consequence of the decision to not participate in the capital injections and our settlement of a promissory note, SAIC-HK's interest in HKJV was diluted from 50% to 14% and we obtained control of HKJV with an 86% interest. We consolidated the assets and liabilities and the results of operations of HKJV beginning on September 1, 2012. Refer to Note 4 for further detail regarding the acquisition.

VMM Deconsolidation

In June 2011 we entered into a new shareholder agreement with Fiat Powertrain Technologies SPA related to VM Motori (VMM) in Italy. Under the new shareholder agreement, we retain 50% ownership but no longer have control. Accordingly, we removed the assets and liabilities of VMM, which included allocated goodwill of $36 million from our GME reporting unit, from our consolidated balance sheets and recorded an equity interest in the amount of $46 million.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	December 31, 2012	December 31, 2011
China JVs	$6,579	$6,452
Other investments	304	338
Total equity in net assets of nonconsolidated affiliates	$6,883	$6,790

At December 31, 2012 and 2011 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by $3.8 billion. These differences are primarily related to the application of fresh-start reporting and purchase of additional interests in nonconsolidated affiliates, of which $3.4 billion and $3.3 billion at December 31, 2012 and 2011 were allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being amortized over their useful lives.

The following tables present summarized financial data for all of our nonconsolidated affiliates (dollars in millions):

	December 31, 2012			December 31, 2011		
	China JVs	Others	Total	China JVs	Others	Total
Summarized Balance Sheet Data						
Current assets	$11,759	$2,642	$14,401	$10,882	$2,274	$13,156
Non-current assets	6,766	1,507	8,273	5,293	1,863	7,156
Total assets	$18,525	$4,149	$22,674	$16,175	$4,137	$20,312
Current liabilities	$12,612	$1,893	$14,505	$10,526	$1,492	$12,018
Non-current liabilities	756	758	1,514	651	934	1,585
Total liabilities	$13,368	$2,651	$16,019	$11,177	$2,426	$13,603
Non-controlling interests	$ 1,055	$ 1	$ 1,056	$ 948	$ —	$ 948

	Years Ended December 31,		
	2012	2011	2010
Summarized Operating Data			
China JV's net sales	$33,364	$30,511	$25,395
Others' net sales	3,963	4,242	17,500
Total net sales	$37,327	$34,753	$42,895
China JV's net income	$ 3,198	$ 3,203	$ 2,808
Others' net income (loss)	(23)	(13)	656
Total net income	$ 3,175	$ 3,190	$ 3,464

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts. We purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. The following tables summarize the effects of transactions with nonconsolidated affiliates (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Results of Operations			
Automotive sales and revenue	$2,572	$3,266	$2,910
Automotive purchases, net	$ 497	$1,044	$2,881
Interest income and other non-operating income, net	$ 184	$ 34	$ 43

	December 31, 2012	December 31, 2011
Financial Position		
Accounts and notes receivable, net	$1,668	$1,785
Accounts and notes payable	$ 167	$ 342
Deferred revenue and customer deposits	$ 46	$ 150

	Years Ended December 31,		
	2012	2011	2010
Cash Flows			
Operating	$3,385	$3,624	$719
Investing	$ (41)	$ (27)	$(74)

Note 11. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Estimated Useful Lives in Years	December 31, 2012	December 31, 2011
Land		$ 2,107	$ 2,502
Buildings and improvements	5-40	4,601	4,701
Machinery and equipment	3-27	12,720	10,670
Construction in progress		3,018	3,070
Real estate, plants, and equipment		22,446	20,943
Less: accumulated depreciation		(5,556)	(4,611)
Real estate, plants, and equipment, net		16,890	16,332
Special tools, net	1-15	7,306	6,673
Total property, net		$24,196	$23,005

The following table summarizes the amount of interest capitalized and excluded from Automotive interest expense related to Property, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Capitalized interest	$117	$91	$62

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	December 31, 2012	December 31, 2011
Capitalized software in use, net	$465	$280
Capitalized software in the process of being developed	$108	$113

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, GM Financial operating and other expenses, Automotive selling, general and administrative expense and Other automotive expenses, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Depreciation and amortization expense	$3,888	$3,604	$3,576
Impairment charges (a)	3,793	81	240
Depreciation, impairment charges and amortization expense	$7,681	$3,685	$3,816
Capitalized software amortization expense (b)	$ 209	$ 203	$ 195

(a) Includes GME assets whose fair value was $408 million at December 31, 2012. Also includes other assets whose fair value was determined to be $0 in the years ended December 31, 2012, 2011 and 2010 measured utilizing Level 3 inputs. Fair value measurements of the non-GME asset group long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in total depreciation, impairment charges and amortization expense.

GME Impairment Charges

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs.

To determine the estimated fair value of real and personal property, the cost approach, market approach and income approach were considered. Under the cost approach, the determination of fair value considered the estimates of the cost to construct or purchase a new asset of equal utility at current prices with adjustments in value for physical deterioration, functional obsolescence, and economic obsolescence. Under the market approach, the determination of fair value considered the market prices in transactions for similar assets and certain direct market values based on quoted prices from brokers and secondary market participants for similar assets. Under the income approach, the determination of fair value considered the estimate of the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset with adjustments in value for demolition costs and for the effect of an estimated holding period. Under the income approach, it was assumed fair value could not exceed the present value of the net cash flows discounted at a rate commensurate with the level of risk inherent in the subject asset. An in-exchange premise was determined to be the highest and best use.

The following table summarizes the significant Level 3 inputs for real and personal property measurements:

	Valuation Technique(s)	Unobservable Input(s)	Range
Real Property	Market approach	Demolition costs (a)	6% - 23%
	Cost approach	Holding period (b)	0 - 4 years
	Income approach	Discount rate (c)	11.2% - 14.5%
Personal Property	Market approach	Physical deterioration (d)	52% - 69%
	Cost approach	Functional obsolescence (e)	8% - 28%
		Economic obsolescence (f)	17% - 23%

(a) Represents estimated gross cost to demolish and clear the structures on the property as a percentage of replacement cost new.

(b) Represents estimated marketing period for each property; which dictates the amount of property specific holding costs to be incurred such as real estate taxes.

(c) Represents the discount rate for the specific property based on local market sources and available benchmarking data.

(d) Represents estimates of loss in asset value due to wear and tear, action of the elements, and other physical factors that reduce the life and serviceability of the asset.

(e) Represents estimated loss in asset value caused by inefficiencies and inadequacies of the asset itself.

(f) Represents estimated loss in asset value caused by factors external to the asset such as legislative enactments, changes in use, social change, and change in supply and demand.

As a result of our fair value estimates, we adjusted the carrying amount of the GME real and personal property to fair value and recorded asset impairment charges of $3.7 billion at December 31, 2012. These charges were recorded in our GME segment with $3.5 billion recorded in Automotive cost of sales and $0.2 billion recorded in Automotive selling, general and administrative expense. The fair value estimates for GME real and personal property are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

The following table summarizes GME real and personal property measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measure	Level 1	Level 2	Level 3	Total Impairment
Year ended December 31, 2012	$408	$—	$—	$408	$3,714

Our recoverability test of the GME asset group also included intangible assets and other long-lived assets resulting in additional impairment charges of $1.8 billion at December 31, 2012, for a total of $5.5 billion. Refer to Note 13 for additional information regarding the impairment of intangible assets.

Note 12. Goodwill

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2011	$ 26,394	$ 3,053	$ 901	$165	$ 30,513	$1,265	$ 31,778
Effect of adoption of ASU 2010-28	—	(1,466)	—	—	(1,466)	—	(1,466)
Impairment charges	—	(1,016)	(270)	—	(1,286)	—	(1,286)
Deconsolidation of entity (a)	—	(36)	—	—	(36)	—	(36)
Goodwill from business combinations	5	—	—	—	5	14	19
Effect of foreign currency translation and other	—	46	(21)	(14)	11	(1)	10
Balance at December 31, 2011	26,399	581	610	151	27,741	1,278	29,019
Impairment charges	(26,399)	(590)	(156)	—	(27,145)	—	(27,145)
Goodwill from business combinations (b)	—	—	61	—	61	—	61
Effect of foreign currency translation and other	—	9	34	(5)	38	—	38
Balance at December 31, 2012	$ —	$ —	$ 549	$146	$ 695	$1,278	$ 1,973
Accumulated impairment charges at January 1, 2011	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Accumulated impairment charges at December 31, 2011	$ —	$(2,482)	$(270)	$ —	$ (2,752)	$ —	$ (2,752)
Accumulated impairment charges at December 31, 2012	$(26,399)	$(3,072)	$(426)	$ —	$(29,897)	$ —	$(29,897)

(a) Refer to Note 10 for additional information concerning the deconsolidation of VMM.

(b) Refer to Note 4 for additional information concerning the acquisition of HKJV.

In the three months ended December 31, 2012, 2011 and 2010 we performed our annual goodwill impairment testing as of October 1 for all reporting units. In addition, in the years ended December 31, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units.

GMNA

Subsequent to our 2012 annual goodwill impairment testing, we reversed $36.2 billion of our deferred tax asset valuation allowances for our GMNA reporting unit. The reversal of the deferred tax asset valuation allowances resulted in the carrying amount of our GMNA reporting unit exceeding its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012. Based on the results of this event-driven impairment test we recorded a Goodwill impairment charge of $26.4 billion in the three months ended December 31, 2012. At December 31, 2012, GMNA's Goodwill balance was $0. Refer to Note 21 for additional information on the reversal of our deferred tax asset valuation allowances for our U.S. and Canadian operations.

GME

We adopted the provisions of ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28) on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed at March 31, 2012 and at December 31, and March 31, 2011, we recorded aggregate Goodwill impairment charges of $590 million and $1.0 billion in the years ended December 31, 2012 and 2011. At March 31, 2012, GME's Goodwill balance was $0.

GMIO

Based on our annual goodwill impairment testing we determined that goodwill was impaired for our GM Korea reporting unit at October 1, 2011, as the fair value of GM Korea decreased below its carrying amount. We performed event-driven goodwill impairment tests for GM Korea for each three month period ended subsequent to October 1, 2011. The decrease in 2011 of GM Korea's fair value was driven by a higher level of anticipated economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates. Subsequent to our 2011 annual impairment testing we reversed a deferred tax asset valuation allowance for our GM Holden, Ltd. (Holden) reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value. At December 31, 2011 Holden's goodwill balance was $0. At October 1, 2012 based on our annual goodwill impairment testing we determined that the fair value of GM South Africa decreased below its carrying amount. Based on the results of our annual and event-driven goodwill impairment tests, we recorded total Goodwill impairment charges of $156 million and $270 million in the years ended December 31, 2012 and 2011 within our GMIO segment. At December 31, 2012 GM South Africa's goodwill balance was $0.

Impairment Charges

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the years ended December 31, 2012 and 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from the reversal of our deferred tax asset valuation allowances for certain reporting units thus resulting in the recorded amount for deferred taxes exceeding their fair values. The net decreases also resulted from improvements in our nonperformance risk and in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease was also due to an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. For the purpose of deriving an implied goodwill balance, deterioration in the business outlook for GME resulted in a reduction in the fair value of certain tax attributes and an increase in estimated employee benefit obligations. The amount of implied goodwill derived from GM Korea decreased primarily from a reduction in the fair value of certain tax attributes. The amount of implied goodwill derived from GMNA and Holden decreased primarily due to the recorded amount of deferred taxes exceeding the fair values of the tax attributes.

Fair Value Measurements

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. The cash flows are estimated over a significant future period of time, which makes those estimates and assumptions subject to a high degree of uncertainty. Where available and as appropriate, comparative market multiples and the quoted market price of our common stock are used to corroborate the results of the discounted cash flow method. Assumptions used in our discounted cash flow analysis that have the most significant effect on the estimated fair value of our reporting units (excluding GM Financial) include:

- Our estimated WACC;
- Our estimated long-term growth rates; and
- Our estimate of industry volumes and our market share.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to Accounting Standards Codification (ASC) 805, "Business Combinations."

The following table summarizes the goodwill balances and key assumptions utilized for each of our reporting units that required a Step 2 analysis (dollars and vehicles in millions):

				Industry Volumes (a)		Market Share (a)	
	Goodwill(b)	WACC	Long-Term Growth Rates	2011/2012/2013	2015/2016	2011/2012/2013	2015/2016
GMNA — At December 31, 2012	$26,399	17.5%	1.5%	18.7	20.5	17.8%	18.9%
GME — At January 1, 2011	$ 3,053	17.0%	0.5%	18.4	22.0	6.6%	7.4%
GME — At March 31, 2011	$ 1,661	16.5%	0.5%	18.4	22.0	6.6%	7.4%
GME — At October 1, 2011	$ 1,246	17.5%	0.5%	19.4	21.7	6.7%	7.0%
GME — At December 31, 2011	$ 1,193	18.5%	0.5%	19.4	22.3	6.3%	6.9%
GME — At March 31, 2012	$ 594	17.5%	0.5%	19.1	21.9	6.2%	6.3%
GM Korea — At October 1, 2011 (c)	$ 615	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At December 31, 2011 (c)	$ 596	15.5%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At March 31, 2012 (c)	$ 564	14.8%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At June 30, 2012 (c)	$ 523	14.8%	3.0%	81.0	97.1	1.4%	1.1%
GM Korea — At September 30, 2012 (c)	$ 540	14.5%	3.0%	82.1	99.8	1.2%	1.2%
GM Korea — At December 31, 2012 (c)	$ 481	14.0%	3.0%	85.0	99.7	1.2%	1.2%
Holden — At December 31, 2011	$ 197	14.0%	2.0%	1.2	1.3	12.5%	12.6%
GM South Africa — At October 1, 2012	$ 38	13.3%	3.5%	0.7	0.9	10.4%	10.0%

(a) GMNA forecast volumes at December 31, 2012 are 2013 through 2016. GME forecast volumes at January 1, 2011 and March 31, 2011 are 2011 through 2015 and are 2012 through 2016 thereafter. GM Korea forecast volumes are 2012 through 2015, except for at September 30, 2012 which are 2012 through 2016 and December 31, 2012 which are 2013 through 2016. Holden forecast volumes at December 31, 2011 are 2012 through 2015. GM South Africa forecast volumes at October 1, 2012 are 2012 through 2016.

(b) Represents the balance of Goodwill evaluated for impairment under the Step 2 analysis.

(c) Industry forecast volumes and market share for GM Korea are based on global industry volumes because GM Korea exports vehicles globally.

The WACCs considered various factors including bond yields, risk premiums and tax rates; the terminal values were determined using a growth model that applied a reporting unit's long-term growth rate to its projected cash flows beyond the forecast period; and industry volumes and a market share for each reporting unit included annual estimates through the forecast period. In addition minimum operating cash needs that incorporate specific business, economic and regulatory factors giving rise to varying cash needs were estimated.

During our Step 2 analyses we determined the fair values of these reporting units had not increased sufficiently to give rise to implied goodwill other than the goodwill arising from the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon application of fresh-start reporting. On the various testing dates noted in the table above, our Step 2 analyses indicated GMNA's, GME's, GM Korea's, GM South Africa's and Holden's implied goodwill was less than their recorded goodwill; therefore, goodwill was adjusted at the various dates indicated in the table above, except for at June 30, 2012 GM Korea's implied goodwill exceeded its recorded goodwill. As such GM Korea's goodwill was not adjusted at June 30, 2012.

Future goodwill impairments that may be material could be recognized should economic uncertainty continue, our equity price decline on a sustained basis, global economies enter into another recession and industry growth stagnates, or should we release deferred tax asset valuation allowances in certain tax jurisdictions. In these circumstances future goodwill impairments would largely be affected by decreases in the fair value-to-U.S.-GAAP differences that have occurred subsequent to our application of fresh-start reporting, which in the future would primarily occur upon reversal of our remaining deferred tax asset valuation allowances or a decline in the fair value of GM Financial. Any declines would have a negative effect on our earnings that could be material.

Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value. The estimates and assumptions used are subject to significant uncertainties, many of which are beyond our control, and there is no assurance that anticipated financial results will be achieved.

Note 13. Intangible Assets, net

The following table summarizes the components of Intangible assets, net (dollars in millions):

	December 31, 2012				December 31, 2011			
	Weighted-Average Remaining Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Remaining Amortization Period in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	2	$ 7,775	$6,320	$1,455	3	$ 7,751	$5,081	$ 2,670
Brands	34	4,464	431	4,033	36	5,410	374	5,036
Dealer network and customer relationships	17	1,375	327	1,048	20	2,138	322	1,816
Favorable contracts	37	367	269	98	30	514	200	314
Other	0	17	17	—	1	17	14	3
Total amortizing intangible assets	25	13,998	7,364	6,634	24	15,830	5,991	9,839
Nonamortizing in process research and development		175		175		175		175
Total intangible assets		$14,173	$7,364	$6,809		$16,005	$5,991	$10,014

The following table summarizes the amortization expense and impairment charges related to Intangible assets, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Amortization expense	$1,568	$1,804	$2,561
Impairment charges	$1,755	$ —	$ —

The following table summarizes estimated amortization expense related to Intangible assets, net in each of the next five years (dollars in millions):

	2013	2014	2015	2016	2017
Estimated amortization expense	$1,165	$549	$251	$251	$249

GME Impairment Charges

The carrying amounts of substantially all of GME's assets were established at fair value during fresh-start reporting. In the determination of fair value, one of our key inputs was a forecasted cash flow projection. During 2010, our actual cash flows approximated our projection. During the second half of 2011 and continuing into 2012, the European automotive industry has been severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity. During this timeframe, we began to experience deterioration in cash flows. In response, we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. The key areas of the plan include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, and further leveraging synergies from the alliance between us and PSA.

We believe it is likely that adverse economic conditions, and their effect on the European automotive industry will not improve significantly in the short-term and we expect to continue to incur losses in the region as a result. During the fourth quarter of 2012, notwithstanding the above described actions, GME performed below expectations relative to the key operating metrics of forecasted revenues, market share, and variable profit established in mid-2012. Further, our industry outlook deteriorated, and our forecast of 2013 cash flows declined. This triggered a long-lived asset impairment analysis.

We performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios. The weighting of the projected cash flows considers the uncertainty in our ability to execute the actions contemplated in our plan which, in part, are dependent upon actions and factors outside our control. Our test concluded that the GME asset group was not recoverable as the resulting undiscounted cash flows were less than their carrying amount. Accordingly, we estimated the fair value of the GME long-lived assets to determine the impairment amount. Determining the fair value is judgmental in nature and requires the use of significant estimates and assumptions, considered to be Level 3 inputs.

To determine the estimated fair value of the brand intangible assets, we used the relief from royalty method, which is a form of the income approach. Under this approach, revenue associated with the brand is projected over the expected remaining useful life of the asset. A royalty rate is then applied to estimate the royalty savings. The royalty rate used was based on an analysis of empirical, market-derived royalty rates for guideline intangible assets and a profit split analysis to determine a rate that is economically supported by GME's forecasted profitability. The net after-tax royalty savings are calculated for each year during the remaining economic life of the asset and discounted to present value.

To determine the estimated fair value of the dealer network, we used the cost approach with adjustments in value for the overcapacity of dealers and the sales environment in the region. We determined the fair value to be $0.

The following table summarizes the significant Level 3 inputs for brand intangible assets measurements:

	Valuation Technique	Unobservable Input(s)	Percentage
Brand intangible assets	Income approach	Long-term growth rate	0.50%
		Pre-tax royalty rate (a)	0.14%
		Discount rate (b)	21.25%

(a) Represents estimated savings realized from owning the asset or having the royalty-free right to use the asset.

(b) Represents WACC adjusted for perceived business risks related to these intangible assets.

As a result of our fair value estimates, we adjusted the carrying amount of the GME intangible assets to fair value and recorded asset impairment charges of $1.8 billion at December 31, 2012. These charges were recorded in our GME segment with $1.6 billion recorded in Automotive selling, general and administrative expense and $0.2 billion recorded in Automotive cost of sales. The fair value estimates for GME's intangible assets are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

The following table summarizes brand intangible assets in GME measured at fair value utilizing Level 3 inputs on a nonrecurring basis (dollars in millions):

	Fair Value Measure	Level 1	Level 2	Level 3	Total Impairment
Year ended December 31, 2012	$139	$ —	$ —	$139	$1,755

Our recoverability test of the GME asset group includes real and personal property, resulting in additional impairment charges of $3.7 billion at December 31, 2012, for a total of $5.5 billion. Refer to Note 11 for additional information regarding the impairment of real and personal property.

Note 14. Restricted Cash and Marketable Securities

We are required to post cash and marketable securities as collateral as part of certain agreements that we enter into as part of our operations. Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements. Refer to Note 7 for additional information on securities classified as Restricted cash and marketable securities.

Automotive

At December 31, 2012 and 2011 we held securities of $403 million and $562 million that were classified as Restricted cash and marketable securities.

The following table summarizes the components of Restricted cash and marketable securities (dollars in millions):

	December 31, 2012	December 31, 2011
Current		
Total current restricted cash and marketable securities (a)	$220	$ 206
Non-current		
Collateral for insurance related activities	74	407
Other restricted cash and marketable securities (a)	306	505
Total non-current restricted cash and marketable securities	380	912
Total restricted cash and marketable securities	$600	$1,118

(a) Includes amounts related to various deposits, escrows and other cash collateral.

Automotive Financing — GM Financial

The following table summarizes the components of Restricted cash (dollars in millions):

	December 31, 2012	December 31, 2011
Current		
Securitization notes and credit facilities	$442	$ 758
Other (a)	24	41
Total current restricted cash	466	799
Non-current		
Securitization notes and credit facilities	302	298
Other (a)	—	18
Total non-current restricted cash	302	316
Total restricted cash	$768	$1,115

(a) Pledged in association with derivative transactions and cash collections related to leases serviced for a third-party.

Note 15. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary include certain vehicle assembling, manufacturing and selling venture arrangements, the most significant of which is GM Egypt. We consolidated GM Egypt in January 2010 in connection with our adoption of amendments to ASC 810, "Consolidation." GM Egypt, a 31% owned operating entity, assembles and manufactures vehicles. Certain voting and other rights permit us to direct those activities of GM Egypt that most significantly affect its economic performance. At December 31, 2012 and 2011; (1) Total assets of these VIEs were $436 million and $463 million, which were composed of Cash and cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were $254 million and $298 million, which were composed of Accounts payable (principally trade), and Accrued and other liabilities. In the years ended December 31, 2012 and 2011 Total net sales and revenue recorded for these consolidated VIEs were $1.0 billion and $748 million and Net income was $56 million and $61 million. These amounts are stated prior to intercompany eliminations. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations.

HKJV and GM Korea are non-wholly owned consolidated subsidiaries that we control through a majority voting interest. They are also VIEs because in the future they may require additional subordinated financial support.

The following table summarizes the liabilities of HKJV and GM Korea for which their creditors do not have recourse to our general credit (dollars in millions):

	December 31, 2012			December 31, 2011
	GM Korea	HKJV (a)	Total	GM Korea
Short-term debt	$124	$104	$228	$171
Current derivative	$ 18	$ —	$ 18	$ 44
Long-term debt	$ 2	$120	$122	$ 7

(a) Consolidated effective September 1, 2012. Refer to Notes 4 and 10 for additional information on the acquisition of HKJV.

In February 2011 we provided a guarantee to a minority shareholder in GM Korea to repurchase the GM Korea mandatorily redeemable preferred shares according to the redemption schedule should GM Korea not repurchase the shares. This guarantee decreased the amount of long-term debt which did not have recourse to our general credit in the years ended December 31, 2012 and 2011.

Automotive Financing — GM Financial

GM Financial finances its loan and lease origination volume through the use of credit facilities and securitization trusts that issue asset-backed securities to investors. GM Financial retains a residual interest in these entities and is not required to provide any additional financial support to its sponsored credit facilities and securitization SPEs. The SPEs are considered VIEs because they do not have sufficient equity at risk and are consolidated because GM Financial has the power over those activities that most significantly affect the economic performance of the SPEs. The finance receivables, leased assets and other assets held by these subsidiaries are not available to our creditors or creditors of our other subsidiaries. Refer to Notes 5, 6 and 17 for additional information on GM Financial's involvement with the SPEs.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated include certain vehicle assembling, manufacturing and selling venture arrangements and other automotive related entities to which we provided financial support, including HKJV prior to September 2012 and Ally Financial. We concluded these entities are VIEs because they do not have sufficient equity at risk or may require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

The following table summarizes the amounts recorded for nonconsolidated VIEs and the related off-balance sheet guarantees and maximum exposure to loss, excluding Ally Financial that is disclosed in Note 27 (dollars in millions):

	December 31, 2012		December 31, 2011	
	Carrying Amount	Maximum Exposure to Loss	Carrying Amount	Maximum Exposure to Loss
Assets				
Equity in net assets of nonconsolidated affiliates	$117	$113	$190	$186
Other assets	12	12	2	2
Total assets	$129	$125	$192	$188
Liabilities				
Other liabilities	$ 45		$198	
Off-Balance Sheet				
Loan commitments		$ 15		$ 15
Other liquidity arrangements (a)		17		220
Total guarantees and liquidity arrangements		$ 32		$235

(a) Amounts at December 31, 2011 represented additional contingent future capital funding requirements related primarily to HKJV.

Refer to Note 27 for additional information on Ally Financial, including our maximum exposure to loss under agreements with Ally Financial and our recorded investment in Ally Financial. Refer to Notes 4 and 10 for additional information on our investment in HKJV.

Note 16. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

The following table summarizes the components of Accrued liabilities and Other liabilities and deferred income taxes (dollars in millions):

	December 31, 2012	December 31, 2011
Current		
Dealer and customer allowances, claims and discounts	$ 7,722	$ 6,820
Deposits primarily from rental car companies	4,250	4,883
Deferred revenue	1,326	1,137
Policy, product warranty and recall campaigns	2,919	3,061
Payrolls and employee benefits excluding postemployment benefits	2,144	1,993
Other	4,947	4,981
Total accrued liabilities	$23,308	$22,875
Non-current		
Deferred revenue	$ 1,169	$ 1,300
Policy, product warranty and recall campaigns	4,285	3,539
Employee benefits excluding postemployment benefits	1,359	1,380
Postemployment benefits including facility idling reserves	1,518	1,674
Other	4,838	4,549
Total other liabilities and deferred income taxes	$13,169	$12,442

The following table summarizes activity for policy, product warranty, recall campaigns and certified used vehicle warranty liabilities (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	$ 6,600	$ 6,789	$ 7,030
Warranties issued and assumed in period	3,394	3,062	3,204
Payments	(3,393)	(3,740)	(3,662)
Adjustments to pre-existing warranties	539	565	210
Effect of foreign currency translation	64	(76)	7
Ending balance	$ 7,204	$ 6,600	$ 6,789

Note 17. Short-Term and Long-Term Debt

Automotive

Short-Term Debt and Long-Term Debt

The following table summarizes the components of our short-term debt and long-term debt (dollars in millions):

	December 31, 2012	December 31, 2011
Short-term debt		
Wholesale financing (a)	$ 889	$ 1,081
GM Korea mandatorily redeemable preferred shares	467	312
Capital leases	183	139
Other short-term debt and current portion of long-term debt	209	150
Total automotive short-term debt and current portion of long-term debt	1,748	1,682
Long-term debt		
Canadian Health Care Trust (HCT) notes	1,239	1,141
GM Korea mandatorily redeemable preferred shares	—	666
Capital leases	855	853
Other long-term debt (a)	1,330	953
Total automotive long-term debt	3,424	3,613
Total automotive debt (b)	$ 5,172	$ 5,295
Fair value of automotive debt (c)	$ 5,298	$ 5,467
Available under credit facility agreements	$ 11,119	$ 5,308
Interest rate range on outstanding debt (d)	0.0-19.0%	0.0-19.0%
Weighted-average interest rate on outstanding short-term debt (d)	3.7%	5.0%
Weighted-average interest rate on outstanding long-term debt (d)	4.0%	3.6%

(a) Includes debt obligations to Ally Financial of $869 million and $1.1 billion at December 31, 2012 and 2011.

(b) Net of a $1.1 billion and $1.6 billion discount at December 31, 2012 and 2011.

(c) The fair value of debt included $4.1 billion and $4.4 billion measured utilizing Level 2 inputs at December 31, 2012 and 2011. The fair value of debt included $1.2 billion and $1.1 billion measured utilizing Level 3 inputs at December 31, 2012 and 2011.

(d) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The Level 2 fair value measurements utilize a discounted cash flow model. The valuation is reviewed internally by personnel with appropriate expertise in valuation methodologies. This model utilizes observable inputs such as contractual repayment terms and benchmark forward yield curves, plus a spread that is intended to represent our nonperformance risk for secured or unsecured obligations. We estimate our nonperformance risk using our corporate credit rating, the rating on our secured revolving credit facilities, yields on traded bonds of companies with comparable credit ratings and risk profiles. We acquire the benchmark yield curves and nonperformance risk spread from independent sources that are widely used in the financial industry. In certain circumstances we adjust the valuation of debt for additional nonperformance risk or potential prepayment probability scenarios. We may use a probability weighting of prepayment scenarios when the stated rate exceeds market rates and the instrument contains prepayment features. The prepayment scenarios are adjusted to reflect the views of market participants. The fair value measurements subject to additional adjustments for nonperformance risk or prepayment have been categorized within Level 3.

The following table summarizes our short-term and long-term debt by collateral type (dollars in millions):

	December 31, 2012	December 31, 2011
Unsecured debt	$2,952	$3,065
Secured debt (a)	1,182	1,238
Capital leases	1,038	992
Total automotive debt	$5,172	$5,295

(a) Includes wholesale financing of dealer inventory.

Wholesale Financing

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our product and generally do not require cash outflows to settle. Balances under these facilities fluctuate period to period based on the volume of vehicles financed.

HCT Notes

As part of the establishment of the HCT to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of $1.1 billion in October 2011. We recorded a premium of $42 million at issuance. The notes accrue interest at an annual rate of 7.0%. The notes are due in periodic installments through 2018. We may prepay these notes at any time. Refer to Note 18 for additional information on the HCT settlement.

GM Korea Preferred Shares

GM Korea has outstanding non-convertible mandatorily redeemable preferred shares. Dividends accrued at a rate of 2.5% through October 2012 at which time the rate increased to 7.0% and remains in effect through 2017. The mandatorily redeemable preferred shares are redeemable in periodic installments through 2017. In February 2011 we provided a guarantee to repurchase the mandatorily redeemable preferred shares according to the redemption schedule if GM Korea does not have sufficient legally distributable earnings. In December 2012 GM Korea made a payment of $671 million to redeem early a portion of shares that had a carrying amount of $429 million and the difference was recorded as a loss on extinguishment of debt. GM Korea has the option to redeem the remainder of the shares early provided sufficient legally distributable earnings exist.

Secured Revolving Credit Facilities

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of $11.0 billion. These facilities consist of a three-year, $5.5 billion facility and a five-year, $5.5 billion facility and replaced our previous five-year, $5.0 billion secured revolving credit facility that we entered into in October 2010. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, $5.5 billion facility is available to GM Financial as well as certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of $4.0 billion, a multi-currency borrowing sub-limit of $3.5 billion, a Brazilian Real borrowing sub-limit of approximately $485 million and a letter of credit sub-facility limit of $1.5 billion. We had amounts in use under the letter of credit sub-facility of $207 million at December 31, 2012.

The five-year, $5.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of $500 million. This facility is not available to GM Financial.

Our obligations under the secured revolving credit facilities are guaranteed by certain of our domestic subsidiaries and by a substantial portion of our domestic assets including accounts receivable, inventory, property, plant and equipment, intellectual property and trademarks, equity interests in certain of our direct domestic subsidiaries as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facilities does not include, among other assets, cash, cash equivalents and marketable securities as well as our investments in GM Financial, GM Korea and in our China JVs. If we receive an investment grade corporate rating from two or more of the following credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we will no longer have to post collateral or provide guarantees from certain domestic subsidiaries under the terms of the facilities. If we fail to maintain an investment grade corporate rating from at least two of the above listed rating agencies, these guarantees will be reinstated.

The secured revolving credit facilities contain representations, warranties and covenants customary for facilities of this nature, including negative covenants restricting incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. These restricted payments include, among others, limitations on our ability to pay dividends and purchase our common stock in certain circumstances. The facilities contain minimum liquidity covenants, which require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Interest rates on obligations under the secured revolving credit facilities are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the secured revolving credit facilities or our corporate rating depending on certain criteria.

UST Credit Agreement

In April 2010 we repaid the full outstanding amount under the loan agreement with the United States Department of the Treasury (UST). Amounts repaid under the agreement may not be reborrowed. While we have repaid the loans from the UST in full, certain of the covenants in the UST credit agreement remain, including covenants regarding executive compensation and expense policies. These covenants remain effective until it is determined that we are not a recipient of exceptional financial assistance or their earlier termination.

Gains (Losses) on Extinguishment of Debt

In the year ended December 31, 2012 we prepaid and retired debt obligations with a total carrying amount of $514 million and recorded a loss on extinguishment of debt of $250 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares of $242 million. In the year ended December 31, 2011 we prepaid and retired in full debt facilities of $1.0 billion held by certain of our subsidiaries, primarily in GMNA and GMSA, and recorded a gain on these debt facilities of $18 million. In the year ended December 31, 2010 we repaid in full the outstanding amount (together with accreted interest thereon) of the VEBA Note Agreement (VEBA Notes) of $2.8 billion, which resulted in a gain on extinguishment debt of $198 million.

Technical Defaults and Covenant Violations

Several of our loan facilities, including our secured revolving credit facilities require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. No technical defaults or covenant violations existed at December 31, 2012.

Automotive Financing — GM Financial

The following table summarizes the current and non-current portion of debt (dollars in millions):

	December 31, 2012	December 31, 2011
Short-term debt and current portion of long-term debt	$ 3,770	$4,118
Long-term debt	7,108	4,420
Total GM Financial debt	$10,878	$8,538

The following table summarizes the carrying amount and fair value of debt (dollars in millions):

		December 31, 2012		December 31, 2011	
	Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Credit facilities					
Medium-term note facility	3	$ —	$ —	$ 294	$ 294
Syndicated warehouse facility	2	—	—	621	621
Lease warehouse facilities	2	354	354	181	181
Bank funding facility	3	—	—	3	3
Total credit facilities		354	354	1,099	1,099
Securitization notes payable					
Securitization notes payable	1	8,534	8,669	6,938	6,946
Private securitization 2012-PP1	3	490	502		
Total securitization notes payable		9,024	9,171	6,938	6,946
Senior notes	2	1,500	1,620	501	511
Total GM Financial debt		$10,878	$11,145	$8,538	$8,556

The carrying amounts of the syndicated warehouse facility and lease warehouse facilities are considered to be a reasonable estimate of their fair values because these facilities have variable rates of interest and maturities of approximately one year. The fair values of the bank funding facility, securitization notes payable and senior notes are based on quoted market prices, when available. If quoted prices are not available the market value is estimated by discounting future net cash flows expected to be settled using a current risk-adjusted rate.

The estimated fair value of the medium-term note facility is based on observable and unobservable inputs. Observable inputs are used regarding an advance rate on the receivables to generate an estimated debt amount as well as the interest rate used to calculate the series of estimated principal payments. Those series of principal and interest payments are discounted using an unobservable interest rate based on the most recent securitization in order to estimate fair value which would approximate the market value.

GM Financial uses observable and unobservable inputs to estimate the fair value for the private securitization 2012-PP1. Unobservable inputs are related to the structuring of the debt into various classes, which is based on public securitizations issued during the same time frame. Observable inputs are used by obtaining active prices based on the securitization debt issued during the same time frame. These observable inputs are then used to create expected market prices (unobservable inputs), which are then applied to the debt classes in order to estimate fair value which would approximate market value.

Credit Facilities

The following table summarizes further details regarding terms and availability of GM Financial's credit facilities at December 31, 2012 (dollars in millions):

	Facility Amount	Advances Outstanding	Assets Pledged	Restricted Cash Pledged (a)
Syndicated warehouse facility (b)	$2,500	$ —	$ —	$—
Canada lease warehouse facility (c)	$ 803	354	540	3
U.S. lease warehouse facility (d)	$ 600	—	—	—
		$354	$540	$ 3

(a) These amounts do not include cash collected on finance receivables and leasing related assets pledged of $12 million which is included in Restricted cash and marketable securities.

(b) In May 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the receivables pledged until February 2020 when the remaining balance will be due and payable.

(c) In July 2013 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the leasing related assets pledged until January 2019 when any remaining balance will be due and payable. Borrowings in the facility are collateralized by leased assets. At December 31, 2012 the facility amount represents Canadian Dollar (CAD) $800 million and the advances outstanding amount represents CAD $353 million.

(d) In January 2013 GM Financial extended the maturity date of this facility to May 2014. In May 2014 when the revolving period ends, and if the facility is not renewed, the outstanding balance will be repaid over time based on the amortization of the related leased assets pledged until November 2019 when any remaining amount outstanding will be due and payable.

As previously described GM Financial has the ability to borrow against our three-year $5.5 billion secured revolving credit facility.

Credit Facility Covenants

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under the credit facilities. GM Financial's funding agreements contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings and/or remove GM Financial as servicer. As of December 31, 2012 GM Financial was in compliance with all covenants in its credit facilities.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial in securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of the acquisition, GM Financial recorded a purchase accounting premium of $133 million that is being amortized over the expected term of the notes. At December 31, 2012 and 2011 unamortized purchase accounting premium of $11 million and $43 million is included in Securitization notes payable.

The following table summarizes securitization notes payable (dollars in millions):

	December 31, 2012					December 31, 2011
Year of Transactions	Maturity Dates (a)	Original Note Amounts	Original Weighted-Average Interest Rates	Total Receivables Pledged	Note Balance	Note Balance
2006	January 2014	$ 1,200	5.4%	$ —	$ —	$ 63
2007	October 2013 – March 2016	$1,000 - 1,500	5.2% - 5.5%	—	—	794
2008	January 2015 – April 2015	$ 500	8.7% - 10.5%	147	24	171
2009	January 2016 – July 2017	$ 227 - 725	2.7% - 7.5%	207	160	298
2010	July 2017 – April 2018	$ 200 - 850	2.2% - 3.8%	1,230	1,095	1,756
2011	July 2018 – March 2019	$ 800 - 1,000	2.4% - 2.9%	2,728	2,519	3,813
2012	June 2019 – May 2020	$ 800 - 1,300	1.4% - 2.9%	5,590	5,215	
				$9,902	9,013	6,895
Purchase accounting premium					11	43
Total securitization notes payable					$9,024	$6,938

(a) Maturity dates represent final legal maturity of securitization notes payable. Securitization notes payable are expected to be paid based on amortization of the finance receivables pledged to the trusts.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets has been reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

Senior Notes

In August 2012 GM Financial issued 4.75% senior notes of $1.0 billion which are due in August 2017 with interest payable semiannually. GM Financial intends to use the net proceeds from this offering for general corporate purposes including, but not limited to, acquisitions. The notes are guaranteed by GM Financial's principal operating subsidiary.

In connection with the issuance of these senior notes, GM Financial entered into a registration rights agreement that requires GM Financial to file a registration statement with the Securities and Exchange Commission (SEC) for an exchange offer with respect to the 4.75% senior notes and the subsidiary guaranty. If the registration statement has not been declared effective by the SEC within 365 days from the original issuance of the senior notes or ceases to remain effective, GM Financial will be required to pay the 4.75% senior note holders a maximum amount of $0.50 per week of additional interest per $1,000 of principal during the time the registration statement is not effective, for a period of up to one year.

In June 2011 GM Financial issued 6.75% senior notes of $500 million which are due in June 2018 with interest payable semiannually. In July 2011 proceeds of $71 million from this offering were used to redeem all of GM Financial's outstanding 8.50% senior notes due in 2015. The remaining proceeds are to be used for general corporate purposes.

Interest Expense

Consolidated

The following table summarizes interest expense (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Loans from UST	$ —	$ —	$ 117
Canadian Loan	—	—	26
VEBA Notes	—	—	166
Capital leases	98	101	72
Amortization of debt discounts and issuance fees	189	200	163
Ally Financial, primarily wholesale financing	41	63	243
Other	161	176	311
Total Automotive interest expense	489	540	1,098
GM Financial interest expense	283	204	37
Total interest expense	$772	$744	$1,135

Debt Maturities

Consolidated

The following table summarizes contractual maturities including capital leases at December 31, 2012 (dollars in millions):

	Automotive	Automotive Financing (a)	Total
2013	$1,289	$ 3,760	$ 5,049
2014	315	2,324	2,639
2015	473	1,772	2,245
2016	363	1,073	1,436
2017	1,391	1,438	2,829
Thereafter	2,369	500	2,869
	$6,200	$10,867	$17,067

(a) GM Financial credit facilities and securitization notes payable are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2012 future interest payments on automotive capital lease obligations were $644 million. GM Financial does not have capital lease obligations at December 31, 2012.

Note 18. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 15, 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. Accrual of defined pension benefits ceased on September 30, 2012 for U.S. salaried employees and on December 31, 2012 for Canadian salaried employees. There is also an unfunded nonqualified pension plan covering primarily U.S. executives for service prior to January 1, 2007 and it is based on an "excess plan" for service after that date.

Pension Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2012 all legal funding requirements had been met. We expect to contribute $97 million to our U.S. non-qualified plans and $823 million to our non-U.S. pension plans in 2013.

The following table summarizes contributions made to the defined benefit pension plans or direct payments to plan beneficiaries (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. hourly and salaried	$2,420	$1,962	$4,095
Non-U.S.	855	836	777
Total	$3,275	$2,798	$4,872

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

We continue to pursue various options to fund and derisk our pension plans, including continued changes to the pension asset portfolio mix to reduce funded status volatility.

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

OPEB Contributions

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Employer contributions	$432	$426	$651
Plan participants' contributions	4	13	53
Total contributions	$436	$439	$704

For the year ended December 31, 2011 we also contributed $1.9 billion to the independent HCT consisting of restricted cash of $0.8 billion and notes payable of $1.1 billion.

Defined Contribution Plans

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after October 1, 2007 also participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans.

The following table summarizes our contributions to defined contribution plans (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Total contributions	$352	$297	$241

Significant Plan Amendments, Benefit Modifications and Related Events

U.S. Salaried Defined Benefit Pension Plan

In January 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012. This amendment resulted in a curtailment which decreased the pension liability and decreased the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $309 million. Active plan participants receive additional contributions in the defined contribution plan starting in October 2012.

In August 2012 the salaried pension plan was amended to divide the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. After the amendment the original salaried pension plan (Retiree Plan) covers the majority of retirees currently receiving payments. As a result of this amendment a remeasurement of the Retiree Plan on August 1, 2012 increased the pension liability and the net pre-tax actuarial loss component of Accumulated other comprehensive loss by $654 million, due primarily to a decrease in the discount rate from 4.21% to 3.37% on a weighted-average basis, partially offset by actual asset returns in excess of expected amounts.

In August 2012 lump-sum distributions of $3.6 billion were made from the Retiree Plan to 12,500 plan participants resulting in a partial plan settlement necessitating a plan remeasurement for the Retiree Plan on August 31, 2012. The settlement resulted in a pre-tax loss of $54 million. The effect on our financial condition was insignificant.

In November and December 2012 the Retiree Plan purchased group annuity contracts from an insurance company and paid a total annuity premium of $25.1 billion and the Retiree Plan settled two other previously guaranteed obligations, with separate insurance companies, totaling $1.9 billion. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants in the Retiree Plan and assume all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these annuity purchase transactions we have settled the remaining obligations of the Retiree Plan in their entirety resulting in a pre-tax settlement loss of $2.5 billion ($2.1 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of $377 million, and the premium paid to the insurance company of $2.1 billion. The tax benefit of $413 million is composed of the statutory tax benefit of $1.0 billion offset by tax expense of $596 million associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit).

In 2012 we provided short-term, interest-free, unsecured loans to the Retiree Plan to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. In August 2012 we loaned the Retiree Plan $2.0 billion with principal due within 90 days. In the three months ended December 31, 2012 $1.5 billion of the $2.0 billion loan was contributed to the Retiree Plan, $250 million was repaid to us and the remaining $250 million, which had been converted into a new interest-free loan, is due on or before April 15, 2013. In October 2012 we provided a loan of $180 million to the Retiree Plan that was repaid to us in December 2012. At December 31, 2012 $160 million of the remaining $250 million loan was deemed a contribution. Amounts loaned to the Retiree Plan in excess of the ultimate funding requirements will be repaid to us.

Canadian Salaried Defined Benefit Plans

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012 and provide active employees a lump-sum distribution option at retirement. The remeasurement, amendments and offsetting curtailment increased the pension liability by $84 million, and resulted in a net decrease in the pre-tax components of Accumulated other comprehensive loss comprising net actuarial loss of $58 million, net actuarial curtailment gain of $20 million and prior service cost of $46 million. Active plan participants will receive additional contributions in the defined contribution plan starting in January 2013.

We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan. These amendments decreased the OPEB liability by $28 million and resulted in a net increase in the pre-tax components of Accumulated other comprehensive loss comprising prior service credit of $51 million and net actuarial loss of $23 million.

Canadian HCT

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement and recorded a gain of $749 million in Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of $3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling $1.9 billion, and recognition of Accumulated other comprehensive loss of $414 million.

Other Remeasurements

In March 2012 certain pension plans in GME were remeasured as part of our Goodwill impairment testing, resulting in an increase of $150 million in the pension liability and a pre-tax increase in the net actuarial loss component of Accumulated other comprehensive loss.

In September 2011 a plan which provides legal services to U.S. hourly employees and retirees was remeasured as a result of our labor agreement provisions which terminate the plan effective December 31, 2013. The negotiated termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of $266 million in the prior service credit component of Accumulated other comprehensive loss, which is being amortized through December 31, 2013.

In March 2011 certain pension plans in GME were remeasured as part of our Goodwill impairment testing, resulting in a decrease of $272 million in the pension liability and a pre-tax increase in the net actuarial gain component of Accumulated other comprehensive loss.

Refer to Note 12 for additional information on our Goodwill impairment.

Pension and OPEB Obligations and Plan Assets

The following tables summarize the change in benefit obligations and related plan assets (dollars in millions):

	Year Ended December 31, 2012			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligations				
Beginning benefit obligation	$108,562	$ 25,765	$ 5,822	$ 1,490
Service cost	452	383	23	16
Interest cost	4,055	1,110	234	63
Plan participants' contributions	—	7	4	1
Amendments	(32)	139	—	(52)
Actuarial losses	8,432	2,774	622	13
Benefits paid	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	682	—	30
Curtailments, settlements and other	(30,937)	(8)	2	22
Ending benefit obligation	82,110	29,301	6,271	1,528
Change in plan assets				
Beginning fair value of plan assets	94,349	14,541	—	—
Actual return on plan assets	10,332	1,344	—	—
Employer contributions	2,420	855	432	54
Plan participants' contributions	—	7	4	1
Benefits paid	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	389	—	—
Settlements	(30,629)	(207)	—	—
Other	35	163	—	—
Ending fair value of plan assets	68,085	15,541	—	—
Ending funded status	$ (14,025)	$(13,760)	$(6,271)	$(1,528)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 73	$ —	$ —
Current liabilities	(95)	(343)	(406)	(84)
Non-current liabilities	(13,930)	(13,490)	(5,865)	(1,444)
Net amount recorded	$ (14,025)	$(13,760)	$(6,271)	$(1,528)
Amounts recorded in Accumulated other comprehensive loss				
Net actuarial loss	$ (1,434)	$ (4,786)	$(1,573)	$ (188)
Net prior service (cost) credit	42	(111)	135	118
Total recorded in Accumulated other comprehensive loss	$ (1,392)	$ (4,897)	$(1,438)	$ (70)

	Year Ended December 31, 2011			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligations				
Beginning benefit obligation	$103,395	$ 24,762	$ 5,667	$ 4,252
Service cost	494	399	23	30
Interest cost	4,915	1,215	265	186
Plan participants' contributions	—	7	13	9
Amendments	(6)	(10)	(284)	(2)
Actuarial losses	8,494	1,530	548	343
Benefits paid	(8,730)	(1,561)	(439)	(180)
Early retirement reinsurance program receipts	—	—	29	—
Foreign currency translation adjustments	—	(508)	—	(128)
HCT settlement	—	—	—	(3,051)
Curtailments, settlements, and other	—	(69)	—	31
Ending benefit obligation	108,562	25,765	5,822	1,490
Change in plan assets				
Beginning fair value of plan assets	91,007	14,903	—	—
Actual return on plan assets	10,087	686	—	—
Employer contributions	1,962	836	426	171
Plan participants' contributions	—	7	13	9
Benefits paid	(8,730)	(1,561)	(439)	(180)
Foreign currency translation adjustments	—	(258)	—	—
Settlements	—	(34)	—	—
Other	23	(38)	—	—
Ending fair value of plan assets	94,349	14,541	—	—
Ending funded status	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in the consolidated balance sheets				
Non-current assets	$ —	$ 61	$ —	$ —
Current liabilities	(99)	(324)	(411)	(65)
Non-current liabilities	(14,114)	(10,961)	(5,411)	(1,425)
Net amount recorded	$ (14,213)	$(11,224)	$(5,822)	$(1,490)
Amounts recorded in Accumulated other comprehensive loss				
Net actuarial loss	$ (1,352)	$ (2,498)	$(1,003)	$ (177)
Net prior service credit	15	19	251	76
Total recorded in Accumulated other comprehensive loss	$ (1,337)	$ (2,479)	$ (752)	$ (101)

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	December 31, 2012		December 31, 2011	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$82,103	$28,880	$108,195	$25,404
Plans with ABO in excess of plan assets				
ABO	$82,103	$28,156	$108,195	$24,687
Fair value of plan assets	$68,085	$14,702	$ 94,349	$13,738
Plans with PBO in excess of plan assets				
PBO	$82,110	$28,537	$108,562	$25,024
Fair value of plan assets	$68,085	$14,704	$ 94,349	$13,739

The following tables summarize the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Year Ended December 31, 2012			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense				
Service cost	$ 590	$ 411	$ 23	$ 16
Interest cost	4,055	1,110	234	63
Expected return on plan assets	(5,029)	(870)	—	—
Amortization of prior service cost (credit)	(1)	1	(116)	(12)
Recognized net actuarial loss	2	35	52	6
Curtailments, settlements and other losses	2,580	71	—	11
Net periodic pension and OPEB expense	$ 2,197	$ 758	$ 193	$ 84
Weighted-average assumptions used to determine benefit obligations				
Discount rate	3.59%	3.70%	3.68%	3.97%
Rate of compensation increase (a)	N/A	2.77%	4.50%	4.21%
Weighted-average assumptions used to determine net expense				
Discount rate	4.06%	4.45%	4.24%	4.31%
Expected return on plan assets	6.18%	6.20%	N/A	N/A
Rate of compensation increase	4.50%	3.15%	4.50%	4.21%

(a) As a result of ceasing the accrual of additional benefits for participants in the Retiree Plan in 2012, the rate of compensation increase does not have a significant effect on our U.S. pension plans.

	Year Ended December 31, 2011			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense				
Service cost	$ 632	$ 399	$ 23	$ 30
Interest cost	4,915	1,215	265	186
Expected return on plan assets	(6,692)	(925)	—	—
Amortization of prior service credit	(2)	(2)	(39)	(9)
Recognized net actuarial loss	—	—	6	—
Curtailments, settlements and other gains	(23)	(7)	—	(749)
Net periodic pension and OPEB (income) expense	$(1,170)	$ 680	$ 255	$ (542)
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase	4.50%	3.11%	4.50%	4.20%
Weighted-average assumptions used to determine net expense				
Discount rate	4.96%	5.16%	5.05%	5.01%
Expected return on plan assets	8.00%	6.50%	N/A	N/A
Rate of compensation increase	3.96%	3.25%	4.50%	4.42%

	Year Ended December 31, 2010			
	Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense				
Service cost	$ 548	$ 386	$ 21	$ 32
Interest cost	5,275	1,187	288	200
Expected return on plan assets	(6,611)	(987)	—	—
Amortization of prior service cost (credit)	(1)	(1)	3	(9)
Recognized net actuarial loss	—	21	—	—
Curtailments, settlements, and other losses	—	60	—	—
Net periodic pension and OPEB (income) expense	$ (789)	$ 666	$ 312	$ 223
Weighted-average assumptions used to determine benefit obligations				
Discount rate	4.96%	5.09%	5.07%	4.97%
Rate of compensation increase	3.96%	3.25%	1.41%	4.33%
Weighted-average assumptions used to determine net expense				
Discount rate	5.36%	5.19%	5.57%	5.22%
Expected return on plan assets	8.48%	7.42%	8.50%	N/A
Rate of compensation increase	3.94%	3.25%	1.48%	4.45%

U.S. pension plan service cost includes administrative expenses of $138 million, $138 million and $97 million for the years ended December 31, 2012, 2011 and 2010. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements.

Non-U.S. pension plan service cost includes administrative expenses of $28 million for the year ended December 31, 2012.

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ended 2013 based on December 31, 2012 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service (credit) cost	$(4)	$ 20	$(116)	$(15)
Amortization of net actuarial loss (gain)	6	206	91	7
	$ 2	$226	$ (25)	$ (8)

Assumptions

Healthcare Trend Rate

As a result of previous modifications made to healthcare plans, there are no significant uncapped U.S. healthcare plans remaining, therefore, the healthcare cost trend rate does not have a significant effect on our U.S. plans. The implementation of the HCT at October 31, 2011 eliminated significant exposure to changes in the healthcare cost trend rate for non-U.S. plans.

Assumed Healthcare Trend Rates	December 31, 2010
Initial healthcare cost trend rate	5.6%
Ultimate healthcare cost trend rate	3.4%
Number of years to ultimate trend rate	8

Healthcare trend rate assumptions are determined for inclusion in healthcare OPEB valuation at each remeasurement. The healthcare trend rates are developed using historical cash expenditures and near-term outlook for retiree healthcare. This information is supplemented with information gathered from actuarial based models, information obtained from healthcare providers and known significant events.

The following table summarizes the effect of a one-percentage point change in the assumed healthcare trend rates for non-U.S. plans (dollars in millions):

Change in Assumption	Effect on 2011 Aggregate Service and Interest Cost	Effect on December 31, 2010 APBO
One percentage point increase	$ 31	$ 491
One percentage point decrease	$(25)	$(392)

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group, consisting of an analysis of capital market assumptions and employing Monte-Carlo simulations, are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected long-term return on asset assumptions for the U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance of individual asset classes, risks evaluated using standard deviation techniques and correlations among the asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent plan performance and historical returns, the expected long-term return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be appropriate in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the complementary objectives of reaching fully funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In January 2013 an investment policy study was completed for the U.S. pension plans taking into account the new plan structures that followed the derisking initiatives and annuity transactions executed during the second half of 2012. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term return on assets. The weighted-average long-term return on assets decreased from 6.2% at December 31, 2011 to 5.8% due primarily to lower yields on fixed income securities. The U.S. hourly plan assets now represent 91% of the total U.S. pension plan assets compared to 65% at the end of 2011.

The expected long-term return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans. The rates of 6.2% and 6.5% for the years ended December 31, 2012 and 2011 represent weighted-average rates of all of the funded non-U.S. plans.

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	December 31, 2012		December 31, 2011	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity	19%	30%	14%	34%
Debt	60%	53%	66%	45%
Alternatives (a)	21%	17%	20%	21%
Total	100%	100%	100%	100%

(a) Includes private equity, real estate and absolute return strategies which primarily consist of hedge funds.

Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Fair Value Measurements of U.S. Plan Assets at December 31, 2012				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2012				Total U.S. and Non-U.S. Plan Assets
Assets	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**	
Cash equivalents and other short-term investments	$ —	$ 551	$ —	$ 551	$ —	$ 151	$ —	$ 151	$ 702
Common and preferred stocks (a)	9,663	26	19	9,708	2,227	—	—	2,227	11,935
Government and agency debt securities (b)	—	17,835	—	17,835	—	3,722	—	3,722	21,557
Corporate debt securities (c)	—	19,116	77	19,193	—	2,596	2	2,598	21,791
Agency mortgage and asset-backed securities	—	1,544	—	1,544	—	38	—	38	1,582
Non-agency mortgage and asset-backed securities	—	260	105	365	—	16	3	19	384
Investment funds									
Equity funds	66	253	195	514	212	2,009	—	2,221	2,735
Fixed income funds	16	498	190	704	—	1,046	14	1,060	1,764
Funds of hedge funds	—	—	3,768	3,768	—	—	627	627	4,395
Global macro funds	—	111	11	122	—	—	—	—	122
Multi-strategy funds	—	583	727	1,310	—	26	—	26	1,336
Other investment funds (d)	—	143	68	211	—	9	—	9	220
Private equity and debt investments (e)	—	—	6,400	6,400	—	—	381	381	6,781
Real estate investments (f)	412	—	4,335	4,747	19	31	1,422	1,472	6,219
Other investments	—	—	63	63	—	—	665	665	728
Derivatives									
Interest rate contracts	15	1,553	—	1,568	—	—	—	—	1,568
Foreign currency exchange contracts	—	38	—	38	—	40	—	40	78
Equity contracts	6	86	1	93	2	—	—	2	95
Total assets	10,178	42,597	15,959	68,734	2,460	9,684	3,114	15,258	83,992
Liabilities									
Government and agency debt securities (g)	—	(15)	—	(15)	—	—	—	—	(15)
Derivatives									
Interest rate contracts	(21)	(977)	(8)	(1,006)	(4)	—	—	(4)	(1,010)
Foreign currency exchange contracts	—	(37)	—	(37)	—	(36)	—	(36)	(73)
Equity contracts	(4)	(86)	(1)	(91)	(1)	—	—	(1)	(92)
Total liabilities	(25)	(1,115)	(9)	(1,149)	(5)	(36)	—	(41)	(1,190)
Net plan assets subject to leveling	$10,153	$41,482	$15,950	67,585	$2,455	$9,648	$3,114	15,217	82,802
Other plan assets and liabilities (h)				500				324	824
Net Plan Assets				$ 68,085				$ 15,541	$ 83,626

Assets	Fair Value Measurements of U.S. Plan Assets at December 31, 2011 Level 1	Level 2	Level 3	Total	Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2011 Level 1	Level 2	Level 3	Total	Total U.S. and Non-U.S. Plan Assets
Cash equivalents and other short-term investments	$ —	$ 100	$ —	$ 100	$ —	$ 533	$ —	$ 533	$ 633
Common and preferred stocks (a)	11,134	78	46	11,258	2,109	2	—	2,111	13,369
Government and agency debt securities (b)	—	21,531	3	21,534	—	3,613	1	3,614	25,148
Corporate debt securities (c)	—	22,725	352	23,077	—	1,820	4	1,824	24,901
Agency mortgage and asset-backed securities	—	1,847	—	1,847	—	94	—	94	1,941
Non-agency mortgage and asset-backed securities	—	1,399	197	1,596	—	49	4	53	1,649
Group annuity contracts	—	—	3,209	3,209	—	—	—	—	3,209
Investment funds									
Equity funds	23	852	521	1,396	—	1,837	146	1,983	3,379
Fixed income funds	—	1,092	1,210	2,302	—	1,142	20	1,162	3,464
Funds of hedge funds	—	—	5,918	5,918	—	—	585	585	6,503
Global macro funds	—	266	4	270	—	—	236	236	506
Multi-strategy funds	24	949	2,123	3,096	—	24	—	24	3,120
Other investment funds (d)	—	335	143	478	—	—	11	11	489
Private equity and debt investments (e)	—	—	8,444	8,444	—	—	298	298	8,742
Real estate investments (f)	1,279	—	5,092	6,371	13	27	1,345	1,385	7,756
Other investments	—	—	—	—	—	—	428	428	428
Derivatives									
Interest rate contracts	138	4,180	9	4,327	4	—	—	4	4,331
Foreign currency exchange contracts	—	152	—	152	—	59	—	59	211
Equity contracts	61	15	—	76	17	—	—	17	93
Credit contracts	—	79	—	79	—	—	—	—	79
Total assets	12,659	55,600	27,271	95,530	2,143	9,200	3,078	14,421	109,951
Liabilities									
Agency mortgage and asset-backed securities (g)	—	(67)	—	(67)	—	—	—	—	(67)
Derivatives									
Interest rate contracts	(28)	(1,752)	(2)	(1,782)	(4)	—	—	(4)	(1,786)
Foreign currency exchange contracts	—	(75)	—	(75)	—	(46)	—	(46)	(121)
Equity contracts	(17)	(14)	—	(31)	(3)	—	—	(3)	(34)
Credit contracts	—	(29)	(6)	(35)	—	—	—	—	(35)
Total liabilities	(45)	(1,937)	(8)	(1,990)	(7)	(46)	—	(53)	(2,043)
Net plan assets subject to leveling	$12,614	$53,663	$27,263	93,540	$2,136	$9,154	$3,078	14,368	107,908
Other plan assets and liabilities (h)				809				173	982
Net Plan Assets				$94,349				$14,541	$108,890

(a) Includes GM common stock of $1.4 billion and $1.2 billion within Level 1 of U.S. plan assets at December 31, 2012 and 2011.

(b) Includes U.S. and sovereign government and agency issues; excludes mortgage and asset-backed securities.

(c) Includes bank debt obligations.

(d) Primarily investments in alternative investment funds.

(e) Includes private equity investment funds.

(f) Includes investment funds and public real estate investment trusts.

(g) Primarily investments sold short.

(h) Cash held by the plans, net of amounts payable for investment manager fees, custody fees and other expenses.

The following tables summarize the activity for U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets						
Common and preferred stocks	$ 46	$ 1	$ (25)	$ (3)	$ 19	$ 3
Government and agency debt securities	3	(1)	(2)	—	—	—
Corporate debt securities	352	1	(258)	(18)	77	(35)
Non-agency mortgage and asset-backed securities	197	34	(120)	(6)	105	24
Group annuity contracts	3,209	77	(3,286)	—	—	—
Investment funds						
Equity funds	521	51	(414)	37	195	18
Fixed income funds	1,210	47	(1,067)	—	190	(3)
Funds of hedge funds	5,918	310	(2,460)	—	3,768	239
Global macro funds	4	—	(1)	8	11	—
Multi-strategy funds	2,123	53	(1,453)	4	727	(6)
Other investment funds	143	2	(77)	—	68	4
Private equity and debt investments	8,444	1,022	(3,038)	(28)	6,400	154
Real estate investments	5,092	198	(955)	—	4,335	(80)
Other Investments	—	—	63	—	63	—
Total assets	27,262	1,795	(13,093)	(6)	15,958	318
Derivatives, net						
Interest rate contracts	7	3	(14)	(4)	(8)	(1)
Equity contracts	—	1	(1)	—	—	—
Credit contracts	(6)	—	6	—	—	—
Total net assets	$27,263	$1,799	$(13,102)	$(10)	$15,950	$317

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2011	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2011
Assets						
Common and preferred stocks	$ 64	$ (4)	$ (11)	$ (3)	$ 46	$ (53)
Government and agency debt securities	75	(9)	(63)	—	3	1
Corporate debt securities	562	(29)	(168)	(13)	352	(49)
Non-agency mortgage and asset-backed securities	821	(8)	(625)	9	197	(57)
Group annuity contracts	3,115	302	(208)	—	3,209	302
Investment funds						
Equity funds	382	(129)	268	—	521	(120)
Fixed income funds	2,287	40	(1,026)	(91)	1,210	124
Funds of hedge funds	6,344	(56)	(370)	—	5,918	(23)
Global macro funds	4	—	—	—	4	—
Multi-strategy funds	3,546	(100)	(1,297)	(26)	2,123	63
Other investment funds	186	(19)	(24)	—	143	(19)
Private equity and debt investments	8,037	839	(432)	—	8,444	(12)
Real estate investments	5,508	799	(1,215)	—	5,092	382
Total assets	30,931	1,626	(5,171)	(124)	27,262	539
Liabilities						
Corporate debt securities	(2)	—	—	2	—	—
Total liabilities	(2)	—	—	2	—	—
Derivatives, net						
Interest rate contracts	(18)	25	—	—	7	25
Foreign currency exchange contracts	1	—	(1)	—	—	—
Equity contracts	(41)	50	(9)	—	—	(1)
Credit contracts	(1)	(4)	(1)	—	(6)	(7)
Total net assets	$30,870	$1,697	$(5,182)	$(122)	$27,263	$ 556

The following tables summarize the activity for non-U.S. plan assets classified in Level 3 (dollars in millions):

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets							
Government and agency debt securities	$ 1	$ —	$ (1)	$ —	$ —	$ —	$ —
Corporate debt securities	4	2	(4)	—	—	2	—
Non-agency mortgage and asset-backed securities	4	—	(4)	3	—	3	—
Investment funds							
Equity funds	146	(24)	(124)	—	2	—	—
Fixed income funds	20	—	(6)	—	—	14	—
Funds of hedge funds	585	25	—	—	17	627	26
Global macro funds	236	17	(258)	—	5	—	—
Other investment funds	11	—	(11)	—	—	—	—
Private equity and debt investments	298	46	29	—	8	381	24
Real estate investments	1,345	123	(82)	—	36	1,422	119
Other investments	428	16	203	—	18	665	10
Total assets	$3,078	$205	$(258)	$ 3	$ 86	$3,114	$179

	Balance at January 1, 2011	Net Realized/ Unrealized Gains (Loss)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Foreign Currency Exchange Rate Movements	Balance at December 31, 2011	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2011
Assets							
Government and agency debt securities	$ 4	$ —	$ —	$ (3)	$ —	$ 1	$ —
Corporate debt securities	41	—	(28)	(9)	—	4	—
Non-agency mortgage and asset-backed securities	—	—	(2)	6	—	4	—
Investment funds							
Equity funds	200	(32)	9	(29)	(2)	146	(33)
Fixed income funds	—	—	(5)	25	—	20	—
Funds of hedge funds	74	(4)	531	—	(16)	585	(4)
Global macro funds	255	(14)	—	—	(5)	236	(14)
Other investment funds	103	—	(94)	—	2	11	—
Private equity and debt investments	169	28	109	—	(8)	298	28
Real estate investments	1,263	203	(99)	—	(22)	1,345	203
Other investments	281	30	121	11	(15)	428	30
Total assets	$2,390	$211	$ 542	$ 1	$(66)	$3,078	$210

Transfers In and/or Out of Level 3

There were no significant transfers into and/or out of Level 3 within U.S. or non-U.S. plan assets during the years ended December 31, 2012 and 2011.

Investment Fund Strategies

Equity funds include funds that invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries. Certain fund managers may attempt to profit from security mispricing in equity markets. Equity long/short managers typically construct portfolios consisting of long and short positions, which may be determined by a variety of techniques including fundamental, quantitative and technical analysis. Index funds, exchange traded funds and derivatives may be used for hedging purposes to limit exposure to various risk factors.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in U.S. government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in U.S. high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds include funds that invest in a portfolio of hedge funds. Funds of hedge fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Global macro funds include funds that enter into leveraged transactions utilizing a variety of equity, fixed income and derivative instruments to benefit from anticipated price movements of stock, interest rates, foreign exchange currencies and physical commodities markets while minimizing downside risk. Global macro managers may invest in a variety of markets to participate in expected market movements.

Multi-strategy funds include funds that invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Other investment funds generally consist of funds that employ broad-ranging strategies and styles. The objective of such funds is to deliver returns having relatively low volatility and correlation to movements in major equity and bond markets. Funds in this category employ single strategies such as event-driven or relative value.

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments are made to gain exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The pension plans' assets include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts may be used to manage and mitigate foreign currency risk.

The pension plans may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of derivatives held by the plans at December 31, 2012 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

Pension Funding Requirements

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status. We have no funding requirements for our U.S. qualified plans in 2013.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2013	$ 6,052	$1,491	$ 421	$ 63
2014	$ 5,912	$1,507	$ 373	$ 65
2015	$ 5,861	$1,546	$ 366	$ 67
2016	$ 5,674	$1,575	$ 360	$ 70
2017	$ 5,558	$1,588	$ 356	$ 72
2018-2022	$25,259	$8,092	$1,713	$391

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Note 19. Derivative Financial Instruments and Risk Management

Automotive

Derivatives and Hedge Accounting

In accordance with our risk management policy, we enter into a variety of foreign currency exchange rate and commodity derivative contracts to manage our exposure to fluctuations in certain foreign currency exchange rates and commodity prices. At December 31, 2012 and 2011 our derivative instruments consisted primarily of forward contracts and options, none of which were designated in hedging relationships. We manage our counterparty credit risk by monitoring the credit ratings of our counterparties and by requiring them to post collateral in certain circumstances. Agreements are entered into with counterparties that allow the set-off of certain exposures in order to manage the risk. Certain of our agreements with counterparties require that we provide cash collateral. At December 31, 2012 and 2011 no collateral was posted related to derivative instruments and we did not have any agreements with counterparties to derivative instruments containing covenants requiring the maintenance of certain credit rating levels or credit risk ratios that would require the posting of collateral in the event that such covenants are violated.

Fair Value of Derivatives

The following tables summarize fair value measurements of our derivative instruments measured on a recurring basis (dollars in millions):

	December 31, 2012				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 7,652	$118	$—	$19	$—
Commodity	1,851	17	3	7	—
Embedded	1,248	9	19	—	1
Total	$10,751	$144	$22	$26	$ 1

	December 31, 2011				
		Derivative Assets		Derivative Liabilities	
	Notional	Current (a)	Non-Current (b)	Current (c)	Non-Current (d)
Foreign currency	$ 6,507	$ 64	$ —	$46	$—
Commodity	2,566	9	—	10	5
Embedded	1,461	28	124	1	5
Total	$10,534	$101	$124	$57	$10

(a) Recorded in Other current assets.

(b) Recorded in Other assets.

(c) Recorded in Accrued liabilities.

(d) Recorded in Other liabilities and deferred income taxes.

	December 31, 2012				December 31, 2011			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Foreign currency	$—	$118	$—	$118	$—	$64	$ —	$ 64
Commodity	—	9	11	20	—	9	—	9
Embedded	—	2	26	28	—	4	148	152
Total	$—	$129	$37	$166	$—	$77	$148	$225
Liabilities								
Foreign currency	$—	$ 19	$—	$ 19	$—	$46	$ —	$ 46
Commodity	—	7	—	7	—	5	10	15
Embedded	—	1	—	1	—	6	—	6
Total	$—	$ 27	$—	$ 27	$—	$57	$ 10	$ 67

We measure the fair value of our portfolio of foreign currency, commodity and embedded derivatives using industry accepted models. The significant Level 2 inputs used in the valuation of our derivatives include spot rates, forward rates, volatility and interest rates. These inputs are obtained from pricing services, broker quotes and other sources.

We entered into a power plant lease agreement which included the purchase of natural gas at a fixed price adjusted for movements in heavy fuel oil and coal indices as published by a German governmental agency. The natural gas agreement was determined to be a derivative for accounting purposes and is valued as a forward contract utilizing Level 3 inputs. The significant unobservable inputs used in the fair value measurement of our commodity derivative are coal and heavy fuel oil forward rates and supplier credit spreads. Significant increases (decreases) in the coal and heavy fuel oil index and supplier credit spread would result in significant decreases (increases) to the fair value measurement.

We are party to a long-term supply agreement which provides for pricing to be partially denominated in a currency other than the functional currency of the parties to the contract. This pricing feature was determined to be an embedded derivative which we have bifurcated for valuation and accounting purposes. This embedded derivative is valued using an industry accepted model which contains Level 3 inputs.

The significant unobservable inputs used in the fair value measurement of our embedded foreign currency derivative is the estimate of the Turkish central bank's Euro/Turkish Lira (TRY) forward exchange rate and monthly volume commitment and vehicle mix. Significant decreases (increases) to the Euro/TRY forward exchange rate and monthly volume commitment and vehicle mix would result in significant decreases (increases) to the fair value measurement.

The valuations are performed, reviewed and approved by personnel with appropriate expertise in valuation methodologies. For certain derivatives we compare our own valuations to valuations prepared by independent outside parties.

The following table summarizes the significant quantitative unobservable inputs and assumptions used in the fair value measurement of the derivatives at December 31, 2012:

	Valuation Technique	Significant Unobservable Input	Metric
Commodity	Discounted cash flow	Coal forward price per ton in Euro (a)	€ 93.09
		Heavy fuel oil forward price per ton in Euro (a)	€ 562.51
		Supplier nonperformance risk (average)	2.44%
Embedded	Discounted cash flow	Average Euro/TRY forward exchange rate (b)	€ 2.72
		Volume commitment and vehicle mix in Euro (c)	€909 million

(a) Forward prices are estimated to be equivalents of the spot price as published by a governmental agency.

(b) Calculated by adjusting market forward rates for the spread between current market and Turkish central bank spot prices.

(c) Volume commitment is spread evenly on a monthly basis and vehicle mix is pursuant to management forecasts.

Fair Value Measurements on a Recurring Basis Using Level 3 Inputs

The following table summarizes the activity for our derivative investments measured using Level 3 inputs (dollars in millions):

	Level 3 Net Assets and (Liabilities)					
	Year Ended December 31, 2012			Year Ended December 31, 2011		
	Embedded	Commodity	Total	Embedded	Commodity	Total
Balance at beginning of period	$ 148	$(10)	$ 138	$ —	$ —	$ —
Total realized/unrealized gains (losses) (a)						
Included in earnings	(104)	4	(100)	160	(10)	150
Included in OCI	(2)	(1)	(3)	(10)	—	(10)
Settlements	(16)	(6)	(22)	(2)	—	(2)
Issuances	—	24	24	—	—	—
Balance at end of period	$ 26	$ 11	$ 37	$148	$(10)	$138
Amount of total gains (losses) in the period included in earnings attributable to the change in unrealized gains (losses) relating to assets still held at the reporting date	$ (95)	$ 3	$ (92)	$157	$(10)	$147

(a) Realized and unrealized gains (losses) are recorded in Interest income and other non-operating income, net and foreign currency translation gains (losses) are recorded in Accumulated other comprehensive income.

Gains and (Losses) on Derivatives

The following table summarizes derivative gains (losses) recorded in Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2012	**2011**	**2010**
Foreign Currency	$ 70	$ (30)	$ 82
Commodity	(31)	(98)	(25)
Embedded	(102)	165	(8)
Warrants	—	4	19
Total gains (losses) recorded in earnings	$ (63)	$ 41	$ 68

Other Derivatives

In February 2011 we exercised warrants to purchase 4 million shares of a supplier's common stock at $2.76 per share and sold the shares and received proceeds of $48 million.

In connection with our investment in New Delphi, which we accounted for using the equity method, we recorded our share of New Delphi's other comprehensive income (loss) in Accumulated other comprehensive income. In the three months ended March 31, 2011 we recorded cash flow hedging gains of $13 million and in the year ended December 31, 2010 we recorded cash flow hedging losses of $22 million related to our share of New Delphi's hedging gains and losses. In March 2011 we sold our interests in New Delphi. As a result previously recorded cash flow hedging losses of $10 million in Accumulated other comprehensive loss were reclassified to earnings and recorded in the gain on sale of New Delphi. Refer to Note 10 for additional information on the sale of New Delphi.

Automotive Financing — GM Financial

GM Financial is exposed to market risks arising from adverse changes in interest rates due to floating interest rate exposure on its credit facilities and on certain securitization notes payable and manages this exposure with interest rate swaps and caps. GM Financial had interest rate swaps and caps in asset positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. GM Financial had interest rate swaps and caps in liability positions with notional amounts of $775 million and $2.0 billion at December 31, 2012 and 2011. The fair value of these derivative financial instruments was insignificant.

Credit Risk Related Contingent Features

Under the terms of the derivative financial instruments, GM Financial is required to pledge certain funds to be held in restricted cash accounts as collateral for the outstanding derivative transactions. At December 31, 2012 and 2011 these restricted cash accounts totaled $4 million and $36 million and were recorded in Restricted cash and marketable securities.

Note 20. Commitments and Contingencies

The following tables summarize information related to commitments and contingencies (dollars in millions):

	December 31, 2012		December 31, 2011	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees (b)				
Operating leases	$—	$ 9	$—	$ 26
Ally Financial commercial loans	$ 4	$ 6	$—	$ 24
Third-party commercial loans and other obligations	$70	$ 296	$ 7	$210
Other product-related claims	$51	$1,040	$53	$838

(a) Calculated as future undiscounted payments.

(b) Excludes residual support and risk sharing programs and vehicle repurchase obligations related to Ally Financial.

	December 31, 2012	December 31, 2011
	Liability Recorded	Liability Recorded
Credit card programs (a)		
Redemption liability (b)	$ 209	$ 123
Deferred revenue (c)	$ 355	$ 345
Environmental liability (d)	$ 166	$ 169
Product liability	$ 601	$ 514
Other litigation-related liability and tax administrative matters (e)	$1,728	$1,196

(a) At December 31, 2012 and 2011 qualified cardholders had rebates available, net of deferred program revenue, of $1.8 billion and $2.3 billion.

(b) Recorded in Accrued liabilities.

(c) Recorded in Other liabilities and deferred income taxes.

(d) Includes $33 million and $34 million recorded in Accrued liabilities at December 31, 2012 and 2011, and the remainder was recorded in Other liabilities and deferred income taxes.

(e) Primarily indirect tax-related litigation as well as various non-U.S. labor related matters.

Guarantees

We have provided guarantees related to the residual value of certain operating leases. These guarantees terminate in years ranging from 2016 to 2035. Certain leases contain renewal options.

We provide payment guarantees on commercial loans made by Ally Financial and outstanding with certain third-parties, such as dealers or rental car companies. These guarantees either expire in 2018 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third-parties. Refer to Note 27 for additional information on guarantees that we provide to Ally Financial.

We have agreements with third-parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in 2013 through 2017 or are ongoing, or upon the occurrence of specific events.

In some instances certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. At December 31, 2012 any proceeds we would receive from collateral would be approximately $60 million.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions and other closure costs pertaining to real property we owned. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Immaterial amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time and the fair value of the guarantees at issuance was insignificant.

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2026.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. We are in various stages of investigation or remediation for sites where contamination has been alleged. We are involved in a number of actions to remediate hazardous wastes as required by federal and state laws. Such statutes require that responsible parties fund remediation actions regardless of fault, legality of original disposal or ownership of a disposal site.

The future effect of environmental matters, including potential liabilities, is often difficult to estimate. An environmental reserve is recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. This practice is followed whether the claims are asserted or unasserted. Recorded liabilities are not reduced for possible recoveries from insurance carriers or other parties. Liabilities have been recorded for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

For many sites, the remediation costs and other damages for which we ultimately may be responsible may vary because of uncertainties with respect to factors such as the connection to the site or to materials there, the involvement of other potentially responsible parties, the application of laws and other standards or regulations, site conditions and the nature and scope of investigations, studies and remediation to be undertaken (including the technologies to be required and the extent, duration and success of remediation).

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods, new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2012 we estimate the remediation losses could range from $130 million to $250 million.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. Although punitive damages are claimed in some of these lawsuits and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured. These amounts were recorded in Accrued liabilities and Other liabilities and deferred income taxes.

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters arising out of alleged product defects; employment-related matters; governmental regulations relating to safety, emissions and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as various non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from $400 million to $600 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2012. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable, however, and unfavorable resolutions could occur. Accordingly it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

GM Korea Wage Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed seven separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in the aggregate involve more than 10,000 employees, allege that GM Korea failed to include certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. On November 23, 2012 the Seoul High Court (an intermediate level appellate court) issued a decision affirming a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position in all of these cases. Although GM Korea believes the decision of the Seoul High Court is incorrect and intends to appeal to the Supreme Court of the Republic of Korea we have increased our accrual in the three months ended December 31, 2012 by 564 billion Korean Won (equivalent to $525 million) to 746 billion Korean Won (equivalent to $697 million) in connection with these cases. In the year ended December 31, 2012 we recorded 616 billion Korean Won (equivalent to $573 million) in Automotive cost of sales (77% of which is reflected in our Net income attributable to stockholders based on our ownership interest in GM Korea). We do not believe we have any reasonably possible exposure in excess of the amount of the accrual. Both the scope of claims asserted and GM Korea's assessment of any or all of individual claim elements may change if new information becomes available.

GMCL Dealers' Claim

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009 in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" CAD $750 million without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). On June 22, 2011 the court granted GMCL permission to appeal the class certification decision. On March 26, 2012 the Ontario Superior Court dismissed GMCL's appeal of the class certification order. Accordingly the case will proceed as a class action. Twenty-six dealers within the certified class definition have indicated that they will not participate. The current prospects for liability are uncertain, but because liability is not deemed probable we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability as the case presents a variety of different legal theories, none of which GMCL believes are valid.

UAW Claim

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute $450 million to the UAW Retiree Medical Benefits Trust (New VEBA). The UAW alleges that we were contractually required to make this contribution. The reasonably possible loss as defined by ASC 450, "Contingencies" is $450 million, which is the amount claimed. We believe that the claim is without merit and we have no accrual relating to this litigation. We believe the UAW's claim is barred by the 2009 UAW Retiree Settlement Agreement approved by the U.S. Bankruptcy Court for the Southern District of New York (Bankruptcy Court). We also maintain that Delphi Corporation's bankruptcy plan of reorganization did not fulfill the applicable conditions of the relevant agreement and therefore payment would not be due even in the absence of the 2009 UAW Retiree Settlement Agreement.

Nova Scotia Claims Litigation

We are a participating party-in-interest in proceedings pending in the Bankruptcy Court to adjudicate claims in the Old GM bankruptcy arising from certain securities issued by General Motors Nova Scotia Finance Company (Nova Scotia Finance), an Old GM subsidiary which we did not acquire in 2009 (Nova Scotia Claims Litigation). Although the current proceedings involve no claims against us, they present issues which, depending upon their resolution, could result in future claims against GMCL.

In 2003 Nova Scotia Finance, a Nova Scotia unlimited liability company, issued notes of 600 million British Pounds which were guaranteed by Old GM (Guaranty) (collectively, the Nova Scotia Notes). The proceeds from the Nova Scotia Notes were converted to CAD and loaned by Nova Scotia Finance to GMCL by means of two intercompany loans totaling CAD $1.3 billion. As part of the bankruptcy proceeding these intercompany loans were compromised for CAD $399 million pursuant to a transaction defined by a Lock-Up Agreement between GMCL, Nova Scotia Finance, Old GM and certain holders of the Nova Scotia Notes (Noteholders). The Lock-Up Agreement defined a transaction by which the Noteholders consented to, among other things, the compromise of the intercompany loans in exchange for payment of CAD $399 million as a Consent Fee. The Consent Fee was originally financed by a loan from Old GM to GMCL immediately prior to the Old GM bankruptcy filing. That loan was subsequently repaid. Pursuant to the terms of the Lock-Up Agreement, the Consent Fee did not reduce the principal amount outstanding under the Nova Scotia Notes or the Guaranty. We acquired Old GM's interest in the Lock-Up Agreement in 2009.

In the Nova Scotia Claims Litigation the Noteholders seek an allowed claim in the Old GM bankruptcy based on the Guaranty. The trustee of Nova Scotia Finance seeks an allowed claim in the amount of the deficiency between Nova Scotia Finance's assets and liabilities by reason of the fact that it is an unlimited liability company and Old GM was its sole shareholder. The claim asserted by the trustee includes sums allegedly owed by Nova Scotia Finance to us by reason of currency swaps entered into between Old GM and Nova Scotia Finance which we contend we acquired from Old GM in 2009. Allowance of the claims is opposed by the GUC Trust which asserts that the claims of the trustee and Noteholders are duplicative, that they should be reduced by the amount of the Consent Fee and/or that they should be equitably subordinated or equitably disallowed by reason of alleged inequitable conduct by the Noteholders. In support of this position the GUC Trust has asserted that the Lock-Up Agreement is void because it was not approved by the Bankruptcy Court and was funded by Old GM, that we did not acquire MLC's interest in the Lock-Up Agreements and currency swaps and that other aspects of the sale of assets to us on July 10, 2009 may be adjusted to permit disallowance or reduction of the claims of the Noteholders and the trustee. The trial has commenced but the timing of any decision is uncertain.

Although we believe the positions taken by the GUC Trust are without merit, it is reasonably possible that the Bankruptcy Court will issue rulings adverse to our interest in the Nova Scotia Claims Litigation. Such rulings could lead to subsequent claims which, although we believe would be without merit, could adversely impact GMCL's compromise of the intercompany loans. It is impossible to estimate the reasonably possible loss which would depend upon a variety of factors including the outcome of additional litigation. However the compromise of the intercompany loans for CAD $399 million resulted in a savings to GMCL of CAD $935 million (equivalent to $940 million) which we believe represents a reasonable estimate of the approximate amount of the maximum reasonably possible loss.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $186 million and $209 million at December 31, 2012 and 2011 was pledged as collateral under the agreement. Through December 31, 2012 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

Asset Retirement Obligations

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2012 and 2011 accruals for asset retirement obligations were $116 million and $99 million.

Contract Cancellations

The following table summarizes contract cancellation charges primarily related to the cancellation of product programs (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
GMNA (a)	$ 64	$38	$30
GME	38	8	3
GMIO	5	43	—
GMSA	30	4	—
Total contract cancellations	$137	$93	$33

(a) The year ended December 31, 2010 includes favorable changes in estimate on contract cancellations of $30 million.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year, primarily for property (dollars in millions):

	2013	2014	2015	2016	2017	Thereafter
Minimum commitments (a)	$394	$312	$246	$192	$125	$ 595
Sublease income	(54)	(53)	(48)	(47)	(45)	(279)
Net minimum commitments	$340	$259	$198	$145	$ 80	$ 316

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

The following table summarizes our rental expense under operating leases (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Rental expense under operating leases	$474	$556	$604

Note 21. Income Taxes

The following table summarizes Income (loss) before income taxes and equity income (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
U.S. income (loss)	$(19,063)	$2,883	$2,648
Non-U.S. income (loss)	(11,194)	3,102	3,089
Income (loss) before income taxes and equity income	$(30,257)	$5,985	$5,737

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Years Ended December 31, 2012	2011	2010
Current income tax expense (benefit)			
U.S. federal	$ 6	$(134)	$ (10)
U.S. state and local	78	58	(1)
Non-U.S.	646	275	441
Total current income tax expense	730	199	430
Deferred income tax expense (benefit)			
U.S. federal	(28,965)	8	(25)
U.S. state and local	(3,415)	(28)	8
Non-U.S.	(3,181)	(289)	259
Total deferred income tax expense (benefit)	(35,561)	(309)	242
Total income tax expense (benefit)	$(34,831)	$(110)	$672

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of $5.5 billion and $6.2 billion at December 31, 2012 and 2011. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Years Ended December 31, 2012	2011	2010
Income tax expense (benefit) at U.S. federal statutory income tax rate	$(10,590)	$ 2,094	$ 2,008
State and local tax expense	254	215	334
Foreign income taxed at other than 35%	908	243	1,579
Foreign tax credit election change	(1,075)	—	—
Taxes on unremitted earnings of subsidiaries	100	(537)	(10)
Change in valuation allowance	(33,917)	(2,386)	(2,903)
Change in tax laws	67	(33)	—
Research incentives	(68)	(45)	(235)
Gain on sale of New Delphi equity interests	—	599	—
Goodwill impairment	8,705	377	—
Settlements of prior year tax matters	—	(56)	(170)
VEBA contribution	—	(476)	—
Foreign currency remeasurement	(36)	59	143
Pension contribution	—	(127)	—
U.S. salaried pension plan settlement	541	—	—
Other adjustments	280	(37)	(74)
Total income tax expense (benefit)	$(34,831)	$ (110)	$ 672

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2012 and 2011 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards.

The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	December 31, 2012	December 31, 2011
Deferred tax assets		
Postretirement benefits other than pensions	$ 3,494	$ 3,672
Pension and other employee benefit plans	8,536	8,357
Warranties, dealer and customer allowances, claims and discounts	4,277	4,015
Property, plants and equipment	2,225	1,547
Capitalized research expenditures	6,106	5,152
Operating loss and tax credit carryforwards	20,220	21,199
Miscellaneous U.S.	2,865	3,017
Miscellaneous non-U.S.	578	243
Total deferred tax assets before valuation allowances	48,301	47,202
Less: valuation allowances	(10,991)	(45,191)
Total deferred tax assets	37,310	2,011
Deferred tax liabilities		
Intangible assets	724	1,933
Total deferred tax liabilities	724	1,933
Net deferred tax assets	$ 36,586	$ 78

The following table summarizes the classification of deferred tax assets and liabilities (dollars in millions):

	December 31, 2012	December 31, 2011
Current deferred tax assets	$ 9,429	$ 527
Current deferred tax liabilities	(162)	(48)
Non-current deferred tax assets	27,922	512
Non-current deferred tax liabilities	(603)	(913)
Net deferred tax assets	$36,586	$ 78

The following table summarizes the amount and expiration dates of our operating loss and tax credit carryforwards at December 31, 2012 (dollars in millions):

	Expiration Dates	Amounts
U.S. federal and state loss carryforwards	2013-2030	$ 6,642
Non-U.S. loss and tax credit carryforwards	Indefinite	1,472
Non-U.S. loss and tax credit carryforwards	2013-2031	4,961
U.S. alternative minimum tax credit	Indefinite	669
U.S. general business credits (a)	2017-2031	1,914
U.S. foreign tax credits	2013-2022	4,562
Total operating loss and tax credit carryforwards		$20,220

(a) The general business credits are principally composed of research credits.

Valuation Allowances

The following table summarizes the change in valuation allowances related to net deferred tax assets (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	$ 45,191	$42,979	$45,281
Additions (Reversals)			
U.S.(a)	(34,263)	2,411	(2,196)
Canada	(3,049)	(158)	63
Germany	1,649	1	(139)
Spain	886	463	378
South Korea	138	27	(121)
Australia	—	(498)	(39)
U.K.	177	141	(121)
India	137	—	(123)
Other	125	(175)	(4)
Ending balance	$ 10,991	$45,191	$42,979

(a) In the year ended December 31, 2012 the difference between the change in the valuation allowance and the income tax benefit associated with the valuation allowance release is due primarily to the establishment of deferred tax liabilities related to state deferred tax assets. In the year ended December 31, 2011 we recorded an adjustment to the debt cancellation income that resulted from the 363 Sale. The adjustment resulted in a $2.1 billion increase in valuation allowances related to U.S. federal and state tax attributes.

At December 31, 2012, as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of our near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of $33.2 billion and $3.1 billion. We retained valuation allowances of $2.3 billion against deferred tax assets in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards which we continue to believe do not meet the more likely than not threshold for releasing the valuation allowance. We retained additional valuation allowances of $8.7 billion against non-U.S. deferred tax assets, primarily related to GME and South Korea business units with losses.

At December 31, 2011, as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of $502 million.

Uncertain Tax Positions

The following table summarizes gross unrecognized tax benefits before valuation allowances and the amount that would favorably affect the effective tax rate in future periods after valuation allowances (dollars in millions):

	December 31, 2012	December 31, 2011
Gross unrecognized tax benefits before valuation allowances	$2,745	$2,370
Unrecognized tax benefit that would favorably affect effective tax rate in future	$1,210	$ 326
Liability for uncertain tax positions netted against deferred tax assets in the same jurisdiction (a)	$1,550	$1,285

(a) The remaining uncertain tax positions are classified as current and non-current liabilities.

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Beginning balance	$2,370	$ 5,169	$5,410
Additions to current year tax positions	112	129	195
Additions to prior years' tax positions	512	562	803
Reductions to prior years' tax positions	(141)	(1,002)	(475)
Reductions in tax positions due to lapse of statutory limitations	(34)	(64)	(18)
Settlements	(112)	(2,399)	(761)
Other	38	(25)	15
Ending balance	$2,745	$ 2,370	$5,169

The following tables summarize information regarding income tax related interest and penalties (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Interest income	$12	$ 7	$13
Interest expense (benefit) (a)	$52	$(113)	$20
Penalties (a)	$ 4	$ (25)	$ 1

(a) The interest and penalty benefit in the year ended December 31, 2011 is due primarily to remeasurements, settlements and statute expirations.

	December 31, 2012	December 31, 2011
Accrued interest payable	$117	$103
Accrued penalties	$105	$ 89

Other Matters

The ability to utilize certain of the U.S. tax attributes in future tax periods could be limited by Section 382 of the Internal Revenue Code. On November 1, 2010 we amended our certificate of incorporation to minimize the likelihood of an ownership change occurring for Section 382 purposes. We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany. In Australia we have net operating loss carryforwards which are subject to meeting a "Same Business Test" requirement that we assess on a quarterly basis.

Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2002 to 2012 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations there is a risk that transfer pricing disputes may arise.

In the U.S. we have continuing responsibility for Old GM's open tax years. Old GM's federal income tax returns through the date of the 363 Sale have been audited by the Internal Revenue Service. Audit closure in January 2013 of Old GM's 2007, 2008 and 2009 federal income tax returns will result in no change to the amount of unrecognized tax benefits. The audit of our 2009 federal income tax return was concluded in January 2013 and will result in no change to the amount of unrecognized tax benefits. In January 2013 the U.S. Congress enacted federal income tax legislation including an extension of the research credit for tax years 2012 and 2013. As a result, in the three months ending March 31, 2013, we will record an income tax benefit related to the 2012 research credit of approximately $160 million.

In May 2012 a Brazilian income tax assessment was issued related to the 2007 tax year totaling $181 million including tax, interest and penalties. We believe we have adequate reserves established. Proceedings may require that we deposit escrow funds in the future.

In March 2012 a Mexican income tax audit covering the 2004 tax year was concluded and an assessment, adjusted for inflation, of $136 million including tax, interest and penalties was issued. The total 2002, 2003 and 2004 assessments, adjusted for inflation, at December 31, 2012 including tax, interest and penalties is $309 million. We believe we have adequate reserves established. Payment of any assessment is suspended during the proceedings through U.S. and Mexican competent authorities.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which had full valuation allowances. The resolution of these matters resulted in a $2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

In June 2011 we settled a Brazilian income tax matter for $241 million that was reserved and disclosed in a prior period.

In November 2010 an agreement was reached with the Canadian government to resolve various income tax matters in the years 2003 through 2009. In the three months ended December 31, 2010 this resolution resulted in a tax benefit of $140 million including interest.

At December 31, 2012 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Note 22. Restructuring and Other Initiatives

We have previously executed various restructuring and other initiatives, and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. To the extent these programs involve voluntary separations, no liabilities are generally recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is generally recorded at the communication date. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following table summarizes the reserves related to restructuring and other initiatives (excluding restructuring reserves related to dealer wind-down agreements) and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2010	$2,088	$ 451	$ 3	$ 4	$ 2,546
Additions	50	734	1	2	787
Interest accretion and other	36	114	—	—	150
Payments	(712)	(589)	(1)	(7)	(1,309)
Revisions to estimates	(361)	(8)	—	1	(368)
Effect of foreign currency	34	(38)	—	—	(4)
Balance at December 31, 2010 (a)	1,135	664	3	—	1,802
Additions	82	344	—	80	506
Interest accretion and other	22	105	—	1	128
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011 (a)	884	687	1	12	1,584
Additions	129	188	84	92	493
Interest accretion and other	11	66	—	—	77
Payments	(304)	(344)	(46)	(55)	(749)
Revisions to estimates	(78)	(17)	(1)	(11)	(107)
Effect of foreign currency	11	10	1	—	22
Balance at December 31, 2012 (a)	$ 653	$ 590	$ 39	$ 38	$ 1,320

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of $356 million, $376 million and $363 million at December 31, 2012, 2011 and 2010 for GMNA, primarily relate to postemployment benefits to be paid.

Year Ended December 31, 2012

GMNA recorded charges, interest accretion and other and revisions to estimates that increased the reserves by $62 million. The $62 million includes charges for cash severance incentive programs for skilled trade U.S. hourly employees, partially offset by increased production capacity utilization in Canada.

GMNA recorded charges of $90 million in connection with our 2011 UAW labor agreement that included cash severance incentive programs which were completed at March 31, 2012 for skilled trade U.S. hourly employees. A total of 1,400 skilled trade U.S. hourly employees participated in these programs at a total cost of $99 million and was recorded upon irrevocable acceptances by both parties.

Due to the expected closure of the Oshawa Consolidated Plant in June 2014, impacted employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. This may range up to $70 million and will be included in our restructuring liability, net of existing liabilities, upon irrevocable acceptance by both parties.

GME recorded charges, interest accretion and other of $254 million for previously announced separation and early retirement programs. Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of $400 million and had affected a total of 2,550 employees, of which $310 million related to a program initiated in Germany in 2010. This program was essentially completed in 2012. We expect to complete the active programs in 2013 and incur an additional $200 million, which will affect an additional 700 employees.

GMIO recorded charges, interest accretion and other related to voluntary separation programs primarily in Korea and Australia. Through December 31, 2012 these programs had a total cost of $69 million which affected 650 employees. We expect to complete the programs in GMIO in 2013 and incur up to an additional $40 million, which will affect up to an additional 200 employees.

GMSA recorded charges of $87 million for employee separation costs related to a separation program in Brazil.

Year Ended December 31, 2011

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Restructuring and early retirement programs in Spain, the U.K. and Belgium were essentially completed in 2010 and we also initiated a program in Germany in 2010. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of $74 million.

Year Ended December 31, 2010

GMNA recorded charges, interest accretion and other, and revisions to estimates primarily related to increased production capacity utilization, which resulted in the recall of idled employees to fill added shifts at multiple U.S. production sites and revisions to productivity initiatives, partially offset by Canadian restructuring activities.

GME recorded charges, interest accretion and other, and revisions to estimates for separation programs primarily related to the following initiatives:

- Separation charges of $527 million related to the closure of the Antwerp, Belgium facility which affected 2,600 employees.
- Separation charges of $63 million related to separation/layoff plans and an early retirement plan in Spain which ultimately affected 1,200 employees.
- Separation charges of $31 million related to a voluntary separation program in the United Kingdom.
- Separation charges of $95 million and interest accretion and other of $104 million related to a voluntary separation program in Germany.

Dealer Wind-downs

We market vehicles worldwide through a network of independent retail dealers and distributors. We determined that a reduction in the number of GMNA dealerships was necessary.

The following table summarizes GMNA's restructuring reserves related to dealer wind-down agreements (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Balance at beginning of period	$25	$ 144	$ 501
Additions and revisions to estimates	(5)	(8)	7
Payments	(7)	(111)	(366)
Effect of foreign currency	—	—	2
Balance at end of period	$13	$ 25	$ 144

Note 23. Interest Income and Other Non-Operating Income, net

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Interest income	$343	$455	$ 465
Net gains (losses) on derivatives	(63)	41	68
Rental income	158	149	164
Dividends and royalties	98	153	213
Other (a)	309	53	621
Total interest income and other non-operating income, net	$845	$851	$1,531

(a) Amounts in the year ended December 31, 2012 include impairment charges related to the investment in PSA of $220 million, income related to various insurance recoveries of $168 million, a charge of $119 million in connection with the entry into an agreement to sell the GMS business, resulting in a reduction in the carrying value to estimated fair value, and recognition of deferred income from technology agreements with SGMW of $114 million. Amounts in the year ended December 31, 2011 include impairment charges related to the investment in Ally Financial of $555 million, a gain on the sale of Ally Financial preferred shares of $339 million, and recognition of deferred income from technology agreements with SGMW of $113 million. Amounts in the year ended December 31, 2010 include a gain on the reversal of an accrual for contingently issuable shares of our common stock to MLC (Adjustment Shares) of $162 million, a gain on the sale of Saab of $123 million, a gain on the acquisition of GMS of $66 million and a gain on the sale of Nexteer of $60 million.

Note 24. Stockholders' Equity and Noncontrolling Interests

Preferred Stock

The following table summarizes significant features relating to our preferred stock (dollars in millions, except for per share amounts):

	Liquidation Preference Per Share	Dividend Rate Per Annum	Dividends Paid Years Ended December 31,		
			2012	2011	2010
Series A Preferred Stock	$25.00	9.00%	$621	$621	$810
Series B Preferred Stock	$50.00	4.75%	$238	$243	$ —

Series A Preferred Stock

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or Series B Preferred Stock, the liquidation amount and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders. If all of the Series A Preferred Stock were to be redeemed or purchased at its par value, the amount of the charge would be $1.4 billion.

In December 2010 we purchased 84 million shares of Series A Preferred Stock, held by the UST, at a price equal to 102% of the aggregate liquidation amount, for $2.1 billion. The purchase of the UST's Series A Preferred Stock resulted in a charge of $677 million recorded in Cash dividends paid on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock and charge related to purchase of Series A Preferred Stock.

Series B Preferred Stock

The Series B Preferred Stock, with respect to dividend rights and rights upon our liquidation, winding-up or dissolution, ranks: (1) senior to our common stock and to each other class of capital stock or series of preferred stock the terms of which do not expressly provide that such class or series ranks senior to, or on a parity with, the Series B Preferred Stock; (2) on a parity with any class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; and (3) junior to our Series A Preferred Stock and to each class of capital stock or series of preferred stock the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock.

Each share of the Series B Preferred Stock, unless previously converted, will automatically convert on December 1, 2013 into shares of our common stock. The number of shares of our common stock issuable upon mandatory conversion of each share of Series B Preferred Stock is determined based on the applicable market value of our common stock subject to anti-dilution adjustments and accumulated and unpaid dividends. The applicable market value of our common stock is the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the mandatory conversion date. Holders of the Series B Preferred Stock have the right to convert their shares at any time prior to the mandatory conversion date at a conversion ratio of 1.2626 shares of our common stock for each share of the Series B Preferred Stock that is optionally converted, subject to anti-dilution, make-whole and other adjustments.

If the applicable market value of our common stock upon mandatory conversion falls within a range of $33.00-$39.60 per common share, the holder receives a variable number of shares of our common stock with a value equal to the liquidation preference plus accumulated dividends. If the applicable market value is not within this range, there is a fixed conversion ratio equaling 1.2626 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is greater than $39.60, and 1.5152 shares of common stock for each share of Series B Preferred Stock when the applicable market value of our common stock is less than $33.00. The fixed conversion ratios will be adjusted for events that would otherwise dilute a Series B Preferred Stockholder's interest.

In the three months ended December 31, 2012, holders of our Series B Preferred Stock converted 11,204 shares into 14,145 shares of common stock.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock and Series B Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock unless all accrued and unpaid dividends on the Series A Preferred Stock and Series B Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock and Series B Preferred Stock, if any such shares are then outstanding.

In the year ended December 31, 2011 we issued 61 million shares of common stock to the U.S. hourly and salaried pension plans, 3,500,000 shares for exercised warrants and 500,000 shares for the settlement of salary and other restricted stock awards.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of $27.50 per share for a total of $5.5 billion. The purchase price represented a premium to the prior day's closing price of $25.49. We allocated the purchase price between a direct reduction to shareholder's equity of $5.1 billion and a charge to earnings of $402 million representing the premium. This premium was recorded in Other automotive expenses, net. These shares were retired by the Board and returned to authorized but unissued status. In the year ended December 31, 2012 we issued 1,300,000 shares of common stock for the settlement of restricted stock and salary stock awards and 400,000 shares for exercised warrants.

The UST agreed to irrevocably waive certain of its rights under the stockholders agreement by and among us and certain other stockholders and covenants under the UST Credit Agreement as part of this agreement. These rights and covenants included, among other items, a reduction in certain reporting requirements and a release from the vitality commitment, which contained certain manufacturing volume requirements.

Warrants

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have all been distributed to creditors of Old GM and to the GUC Trust by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrants are exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The outstanding balance of warrants at December 31, 2012 and 2011 was 313 million.

Accumulated Other Comprehensive Income (Loss)

The following table summarizes the components of Accumulated other comprehensive income (loss), net of taxes (dollars in millions):

	Foreign Currency Translation Adjustments	Cash Flow Hedging Gains (Losses), Net	Unrealized Gains (Losses) on Securities, Net	Defined Benefit Plans, Net	Accumulated Other Comprehensive Income (Loss)
Balance December 31, 2009	$ 157	$ (1)	$ 2	$ 1,430	$ 1,588
Other comprehensive income (loss)	210	(22)	(7)	(545)	(364)
Sale of businesses	14	—	—	—	14
Other comprehensive loss attributable to noncontrolling interests	13	—	—	—	13
Balance December 31, 2010	394	(23)	(5)	885	1,251
Other comprehensive income (loss)	(183)	25	1	(6,958)	(7,115)
Purchase of noncontrolling interest shares	(6)	—	—	(1)	(7)
Other comprehensive loss attributable to noncontrolling interests	10	—	—	—	10
Balance December 31, 2011	215	2	(4)	(6,074)	(5,861)
Other comprehensive loss before reclassification adjustment	(103)	—	(162)	(2,212)	(2,477)
Reclassification adjustment (a)	—	(2)	207	92	297
Other comprehensive income (loss)	(103)	(2)	45	(2,120)	(2,180)
Other comprehensive income attributable to noncontrolling interests	(11)	—	—	—	(11)
Balance December 31, 2012	$ 101	$ —	$ 41	$(8,194)	$(8,052)

(a) Primarily an impairment charge related to our investment in PSA.

Other Comprehensive Income (Loss)

The following tables summarize the components of Other comprehensive income (loss) attributable to common stockholders (dollars in millions):

	Years Ended December 31,								
	2012			2011			2010		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments	$ (103)	$ —	$ (103)	$ (183)	$ —	$ (183)	$ 210	$—	$ 210
Cash flow hedging gain (loss), net	(2)	—	(2)	25	—	25	(22)	—	(22)
Unrealized gain (loss) on securities, net									
Unrealized gain (loss) on securities	(140)	22	(162)	1	—	1	(7)	—	(7)
Reclassification adjustments	202	(5)	207	—	—	—	—	—	—
Unrealized gain (loss) on securities, net	62	17	45	1	—	1	(7)	—	(7)
Defined benefit plans, net									
Prior service benefit (cost) from plan amendments	(53)	(95)	42	302	1	301	7	1	6
Less: amortization of prior service cost included in net periodic benefit cost	(125)	(5)	(120)	(52)	—	(52)	(12)	—	(12)
Net prior service benefit (cost)	(178)	(100)	(78)	250	1	249	(5)	1	(6)
Actuarial gain (loss) from plan measurements	(3,180)	(926)	(2,254)	(7,578)	(10)	(7,568)	(530)	34	(564)
Less: amortization of actuarial loss included in net periodic benefit cost (a)	229	17	212	366	5	361	25	—	25
Net actuarial amounts	(2,951)	(909)	(2,042)	(7,212)	(5)	(7,207)	(505)	34	(539)
Defined benefit plans, net	(3,129)	(1,009)	(2,120)	(6,962)	(4)	(6,958)	(510)	35	(545)
Other comprehensive income (loss)	(3,172)	(992)	(2,180)	(7,119)	(4)	(7,115)	(329)	35	(364)
Less: other comprehensive income (loss) attributable to noncontrolling interests	11	—	11	(10)	—	(10)	(13)	—	(13)
Other comprehensive income (loss) attributable to common stockholders	$(3,183)	$ (992)	$(2,191)	$(7,109)	$ (4)	$(7,105)	$(316)	$35	$(351)

(a) Includes the HCT settlement. Refer to Note 18.

Note 25. Earnings Per Share

In the years ended December 31, 2012 and 2011 we were required to use the two-class method for calculating earnings per share, as further discussed below, as the applicable market value of our common stock was below $33.00 per common share in the periods ended December 31, 2012 and 2011.

Basic and diluted earnings per share are computed by dividing Net income attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings per share is computed by giving effect to all potentially dilutive securities that were outstanding.

The following table summarizes basic and diluted earnings per share (in millions, except for per share amounts):

	Years Ended December 31, 2012	2011	2010
Basic earnings per share			
Net income attributable to stockholders	$6,188	$9,190	$6,172
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (a) (b)	1,329	1,605	1,504
Net income attributable to common stockholders	$4,859	$7,585	$4,668
Weighted-average common shares outstanding — basic	1,566	1,536	1,500
Basic earnings per share	$ 3.10	$ 4.94	$ 3.11
Diluted earnings per share			
Net income attributable to stockholders	$6,188	$9,190	$6,172
Add: preferred dividends to holders of Series B Preferred Stock	—	—	25
Less: cumulative dividends on and charge related to purchase of preferred stock and undistributed earnings allocated to Series B Preferred Stock participating security (a) (c)	1,301	1,552	1,504
Net income attributable to common stockholders	$4,887	$7,638	$4,693
Weighted-average common shares outstanding — diluted			
Weighted-average common shares outstanding — basic	1,566	1,536	1,500
Dilutive effect of warrants	104	130	106
Dilutive effect of conversion of Series B Preferred Stock	—	—	17
Dilutive effect of RSUs	5	2	1
Weighted-average common shares outstanding — diluted	1,675	1,668	1,624
Diluted earnings per share	$ 2.92	$ 4.58	$ 2.89

(a) Includes earned but undeclared dividends of $26 million, $26 million and $26 million on our Series A Preferred Stock and $20 million, $20 million and $25 million on our Series B Preferred Stock in the years ended December 31, 2012, 2011 and 2010.

(b) Includes cumulative dividends on preferred stock of $859 million and earnings of $470 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2012; includes cumulative dividends on preferred stock of $859 million and earnings of $746 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; and cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

(c) Includes cumulative dividends on preferred stock of $859 million and earnings of $442 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2012; includes cumulative dividends on preferred stock of $859 million and earnings of $693 million that have been allocated to the Series B Preferred Stock holders in the year ended December 31, 2011; and cumulative dividends on preferred stock of $827 million and a charge related to the purchase of Series A Preferred Stock of $677 million in the year ended December 31, 2010.

Years Ended December 31, 2012 and 2011

Holders of the Series B Preferred Stock have a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios through various anti-dilution provisions. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we have concluded that the Series B Preferred Stock is a participating security and, as such, the application of the two-class method for computing earnings per share is required when the applicable market value of our common stock is below $33.00 or above $39.60 per share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our financial statements. The calculation of the applicable market value at the date of our financial statements will apply to the full year, irrespective of the applicable market value computed during the prior quarters of the current year.

We applied the two-class method to calculate basic earnings per share and the more dilutive of the two-class or the if-converted method to calculate diluted earnings per share in the years ended December 31, 2012 and 2011. Under the two-class method for computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. Variability may result in our calculation of earnings per share from period to period depending on whether the application of the two-class method is required.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share in the years December 31, 2012 and 2011.

MLC distributed all of its 272 million warrants for our common stock to its unsecured creditors and the GUC Trust. The warrant holders may exercise the warrants at any time prior to their respective expiration dates. Upon exercise of the warrants the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share.

Warrants to purchase 313 million shares of our common stock were outstanding at December 31, 2012 and 2011, of which 46 million shares were not included in each year's computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares. Under the treasury stock method, the assumed exercise of the remaining warrants resulted in 104 million and 130 million dilutive shares in the years ended December 31, 2012 and 2011.

Diluted earnings per share included the effect of 15 million and 13 million unvested RSUs granted to certain global executives in the years ended December 31, 2012 and 2011.

In July 2011 the 61 million shares of common stock contributed to our pension plans in January 2011 met the criteria to qualify as plan assets for accounting purposes. These shares were considered outstanding for earnings per share purposes beginning in July 2011.

Year Ended December 31, 2010

Warrants to purchase 318 million shares of our common stock were outstanding, of which 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of our common stock. Under the treasury stock method, the assumed exercise of warrants to purchase the remaining warrants resulted in 106 million dilutive shares.

Diluted earnings per share included the effect of 11 million unvested RSUs granted to certain global executives. The dilutive effect of the RSUs was included only for the period subsequent to our public offering as the RSUs prior were accounted for as liability awards prior to that date.

Note 26. Stock Incentive Plans

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan and the Salary Stock Plan. Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these amended plans shall not exceed 75 million.

Long-Term Incentive Plan

We granted 7 million, 5 million and 15 million RSUs in the years ended December 31, 2012, 2011 and 2010. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. Our policy is to issue new shares upon settlement of RSUs.

The 2012 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-Top 25 highest compensated employees will vest and settle on the second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2010 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-top 25 highest compensated employees will settle after three years.

Retirement eligible participants that are non-Top 25 highest compensated employees who retire during the service period will retain and vest in a pro-rata portion of RSUs earned. The vested award will be payable on the settlement date.

Salary Stock Plan

In the years ended December 31, 2012, 2011 and 2010 a portion of each participant's salary was accrued on each salary payment date and converted to RSUs on a quarterly basis. In March 2012 we amended the plan to provide for cash settlement of awards instead of issuing new shares. As a result we will now settle these awards in cash and we reclassified $97 million from Capital surplus to Accrued liabilities and Other liabilities and deferred income taxes.

RSUs

The following table summarizes information about the RSUs under our stock incentive plans (RSUs in millions):

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term
RSUs outstanding at December 31, 2011	22.5	$23.01	1.1
Granted	9.1	$25.10	
Settled	(3.2)	$27.71	
Forfeited or expired	(1.5)	$24.42	
RSUs outstanding at December 31, 2012	26.9	$23.06	0.7
RSUs unvested and expected to vest at December 31, 2012	16.2	$23.49	1.0
RSUs vested and payable at December 31, 2012	10.3	$22.27	—
RSUs granted in the year ended December 31, 2011		$31.18	
RSUs granted in the year ended December 31, 2010		$19.17	

The following table summarizes compensation expense recorded for our stock incentive plans (dollars in millions):

	Years Ended December 31, 2012	2011	2010
Compensation expense	$302	$233	$235
Income tax benefit	$100	$ —	$ —

At December 31, 2012 the total unrecognized compensation expense for nonvested equity awards granted was $185 million. This expense is expected to be recorded over a weighted-average period of one year.

The total fair value of RSUs vested in the years ended December 31, 2012, 2011 and 2010 was $141 million, $105 million and $78 million.

In the years ended December 31, 2012, 2011 and 2010 total payments for 1.6 million, 456,000 and 292,000 RSUs settled under stock incentive plans were $36 million, $14 million and $5 million.

Note 27. Ally Financial

Automotive

The following tables summarize the financial statement effects of and maximum obligations under agreements with Ally Financial (dollars in millions):

	December 31, 2012	December 31, 2011
Vehicle repurchase obligations		
Maximum obligations (a)	$22,112	$18,972
Fair value of guarantee	$ 15	$ 17

(a) We corrected the amount originally reported as $19.8 billion in our Annual Report on Form 10-K as of December 31, 2011.

	Years Ended December 31, 2012	2011	2010
U.S. marketing incentives and operating lease residual payments	$1,732	$1,428	$1,111
Exclusivity fee income	$ 63	$ 76	$ 99

Marketing Incentives and Operating Lease Residuals

Under an interest rate support program, we pay an amount at the time of lease or retail contract origination to adjust the interest rate in the retail contract or implicit in the lease below Ally Financial's standard interest rate. The amount paid at contract origination represents the present value of the difference between the customer's contractual rate and Ally Financial's standard rate for a given program.

Under a residual support program, a customer's contract residual value is adjusted above Ally Financial's standard residual value. We reimburse Ally Financial to the extent sales proceeds are less than the customer's contract residual value, limited to Ally Financial's standard residual value. The residual support amount owed is calculated at contract termination and, in cases where the amount differs from the expected amount paid at contract origination, the difference is paid to or paid by Ally Financial.

Under a risk-sharing arrangement, residual losses are shared equally with Ally Financial to the extent remarketing proceeds are below Ally Financial's standard residual value (limited to a floor).

Under a capitalized cost reduction program, we pay an amount at the time of lease or retail contract origination to reduce the principal amount implicit in the lease or retail contract below the standard manufacturers' suggested retail price.

Under a lease pull-ahead program, a customer is encouraged to terminate their lease early and buy or lease a new GM vehicle. Ally Financial waives the customer's remaining payment obligation under their current lease and Ally Financial is compensated for any foregone revenue from the waived payments. Since these programs generally accelerate the resale of the vehicle, the proceeds are typically higher than if the vehicle had been sold at contract maturity. The reimbursement to Ally Financial for the foregone payments is reduced by the amount of this benefit.

Exclusivity Arrangements

We have entered into exclusivity agreements with Ally Financial whereby: (1) for a two-year period, retail financing incentive programs can be offered through a third-party financing source under certain specified circumstances, and after such two-year period beginning in January 2011 through December 2013 any such incentive programs can be offered on a graduated basis through third-parties on a non-exclusive basis, or if Ally Financial matches the rates offered by such third-party on a side-by-side basis with Ally Financial; (2) Ally Financial has no obligation to provide financing; and (3) Ally Financial has no targets against which it could be assessed penalties. After December 31, 2013 we will no longer have any restrictions or limitations on our ability to offer retail financing incentive programs through any third-party financing source as a result of agreements with Ally Financial.

Contractual Exposure Limit

We have an agreement with Ally Financial that limits certain unsecured obligations arising from service agreements to Ally Financial to $1.5 billion and limits the sum of maximum unsecured exposure and maximum secured exposure to the greater of $3.0 billion or 15% of Ally Financial's capital from and after December 30, 2010.

Vehicle Repurchase Obligations

Our agreement with Ally Financial requires the repurchase of Ally Financial financed inventory invoiced to dealers with limited exclusions, in the event of a qualifying voluntary or involuntary termination of the dealer's sales and service agreement. The repurchase obligation ended in August 2010 for vehicles invoiced through August 2009, ended in August 2011 for vehicles invoiced through August 2010, ended in August 2012 for vehicles invoiced through August 2011, ends in August 2013 for vehicles invoiced through August 2012 and ends in August 2014 for vehicles invoiced through August 2013.

The maximum potential amount of future payments required to be made to Ally Financial under this guarantee is based on the repurchase value of total eligible vehicles financed by Ally Financial in dealer stock. If vehicles are required to be repurchased under this arrangement, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer. The fair value of the guarantee, which considers the likelihood of dealers terminating and estimated loss exposure for ultimate disposition of vehicles, was recorded as a reduction of revenue.

Balance Sheet

The following table summarizes the balance sheet effects of transactions with Ally Financial (dollars in millions):

	December 31, 2012	December 31, 2011
Assets		
Accounts and notes receivable, net (a)	$222	$ 243
Liabilities		
Accounts payable (b)	$ 47	$ 59
Short-term debt and current portion of long-term debt (c)	$863	$1,068
Accrued liabilities and other liabilities (d)	$878	$ 650
Long-term debt (e)	$ 6	$ 8
Other non-current liabilities (f)	$ 19	$ 35

(a) Represents wholesale settlements due from Ally Financial and receivables for exclusivity fees and royalties.

(b) Represents amounts billed to us and payable related to incentive programs.

(c) Represents wholesale financing, sales of receivable transactions and the short-term portion of term loans provided to certain dealerships which we own or in which we have an equity interest.

(d) Includes accruals for marketing incentives on vehicles which are sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and amounts owed under lease pull-ahead programs.

(e) Represents the long-term portion of term loans from Ally Financial to certain consolidated dealerships.

(f) Represents long-term portion of liabilities for marketing incentives on vehicles financed by Ally Financial.

Statement of Operations

The following table summarizes the income statement effects of transactions with Ally Financial (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Total net sales and revenue (decrease) (a)	$(2,368)	$(1,468)	$(1,383)
Interest income and other non-operating income, net (b)	$ 87	$ 126	$ 228
Automotive interest expense (c)	$ 38	$ 63	$ 243

(a) Represents marketing incentives on vehicles which were sold, or anticipated to be sold, to customers or dealers and financed by Ally Financial. This includes the estimated amount of residual and rate support accrued, capitalized cost reduction incentives and costs under risk sharing and lease pull-ahead programs. This amount is offset by net sales for vehicles sold to Ally Financial for employee and governmental lease programs and third-party resale purposes.

(b) Represents income on investments in Ally Financial preferred stock (through March 31, 2011), exclusivity and royalty fee income. Included in this amount is rental income related to Ally Financial's primary executive and administrative offices located in the Renaissance Center in Detroit, Michigan. The lease agreement expires in November 2016.

(c) Represents interest incurred on notes payable and wholesale settlements.

Ally Financial Common and Preferred Stock

In December 2010 the UST agreed to convert 110 million shares of preferred securities into 532,000 shares of common stock. This resulted in the dilution of our investment in Ally Financial common stock from 16.6% to 9.9%, of which 4.0% was held directly and 5.9% was held indirectly through an independent trust. In May 2011 we transferred the 4.0% of shares we owned directly to the independent trust. In December 2011 in response to a letter from the trustee requesting that the life of the trust be extended, the Federal Reserve agreed to extend the trust from December 2011 to December 2013. Pursuant to previous commitments to reduce influence over and ownership in Ally Financial, the trustee, who is independent of us, has the sole authority to vote and is required to dispose of all Ally Financial common stock held in the trust by December 24, 2013. We can cause the trustee to return any Ally Financial common stock to us to hold directly, so long as our directly held voting and total common equity interests remain below 10.0%. At December 31, 2012 and 2011 our equity ownership in Ally Financial was 9.9%.

Fair Value of Ally Financial Common Stock

We estimated the fair value of Ally Financial common stock using a market approach that applies the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's December 31, 2012 and 2011 financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry, and the effects of certain Ally Financial shareholder rights. The measurement of Ally Financial common stock is a Level 3 fair value measurement.

At December 31, 2011 we determined the carrying amount of our investment in Ally Financial common stock exceeded our estimate of its fair value. Our estimate of fair value resulted from broader macroeconomic uncertainties and volatility in the financial markets including the Eurozone debt crisis, continued heightened risk of recession and concerns about Ally Financial's mortgage related operations. Our estimate considered the potential effect of contractual provisions held by the UST who may receive incremental ownership interest in Ally Financial depending upon Ally Financial's equity value at the time of a successful public offering or private sale. These contractual provisions could result in significant dilution of our ownership interest. Based on an evaluation of the duration and severity of this decline in fair value, we concluded the impairment was other-than-temporary. As a result we recorded an impairment charge of $555 million in Interest income and other non-operating income, net to reduce our investment to its estimated fair value of $403 million.

The following table summarizes the carrying amount and estimated fair value of Ally Financial common stock (dollars in millions):

	December 31, 2012	December 31, 2011
Common stock		
Carrying amount	$ 399	$403
Fair value	$1,268	$403

Ally Financial Preferred Stock

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of $1.0 billion. The gain of $339 million related to the sale was recorded in Interest income and other non-operating income, net.

Note 28. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2012				
Total net sales and revenue	$37,759	$37,614	$37,576	$39,307
Automotive gross margin	$ 4,418	$ 4,449	$ 4,327	$ (3,135)
Net income	$ 1,350	$ 1,901	$ 1,854	$ 1,031
Net income attributable to stockholders	$ 1,315	$ 1,846	$ 1,833	$ 1,194
Earnings per share, basic	$ 0.64	$ 0.95	$ 0.94	$ 0.58
Earnings per share, diluted	$ 0.60	$ 0.90	$ 0.89	$ 0.54

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2011				
Total net sales and revenue	$36,194	$39,373	$36,719	$37,990
Automotive gross margin	$ 4,214	$ 5,250	$ 4,594	$ 4,422
Net income	$ 3,411	$ 3,037	$ 2,092	$ 747
Net income attributable to stockholders	$ 3,366	$ 2,992	$ 2,107	$ 725
Earnings per share, basic	$ 2.09	$ 1.68	$ 1.10	$ 0.30
Earnings per share, diluted	$ 1.77	$ 1.54	$ 1.03	$ 0.28

Starting in the three months ended June 30, 2011 we used the two-class method for calculating earnings per share because Series B Preferred Stock was a participating security.

Net income for the three months ended December 31, 2012 included:

- Deferred tax asset valuation allowance release of $36.3 billion in the U.S. and Canada.
- Goodwill impairment charges of $26.5 billion in GMNA and GMIO.
- Property, plant and equipment impairment charges of $3.7 billion in GME.
- Pension settlement charge of $2.6 billion in GMNA.
- Intangible asset impairment charges of $1.8 billion in GME.
- Charge of $525 million for GM Korea hourly wage litigation.
- Charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

Net income for the three months ended September 30, 2012 included:

- Goodwill impairment charges of $78 million in GMIO.

Net income for the three months ended March 31, 2012 included:

- Goodwill impairment charges of $617 million in GMIO and GME.

Net income the three months ended December 31, 2011 included:

- Goodwill impairment charge of $891 million in GMIO and GME.

- Settlement gain of $749 million related to termination of CAW hourly retiree healthcare benefits in GMNA.
- Impairment charge of $555 million related to Ally Financial common stock in Corporate.
- Reversal of deferred income tax valuation allowances of $502 million in Australia.

Net income for the three months ended March 31, 2011 included:

- Gain of $1.6 billion related to the sale of our Class A membership Interests in New Delphi in GMNA.
- Goodwill impairment charge of $395 million in GME.
- Gain of $339 million related to the sale of 100% of our investment in the Ally Financial preferred stock in Corporate.

Note 29. Segment Reporting

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully loaded cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these factors, we do not manage our business on an individual brand or vehicle basis. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, which are presented net of noncontrolling interests, and evaluates GM Financial through income before income taxes.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- GMC
- Holden
- Opel
- Vauxhall

At December 31, 2012 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, including GM Korea, SGM, SGMS, SGMW, FAW-GM and HKJV. These companies design, manufacture and market vehicles under the following brands:

- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Jiefang
- Wuling

Nonsegment operations are classified as Corporate. Corporate includes an investment in Ally Financial, certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

In 2012 we recorded losses on extinguishment of debt within Corporate for segment reporting purposes. Previously gains and losses on extinguishment of debt were recorded within the applicable automotive segments. This change is consistent with how management currently views the results of our operations.

All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment (dollars in millions):

	At and For the Year Ended December 31, 2012									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 89,912	$20,689	$22,954	$16,700	$ 40	$ —	$150,295	$ —	$ —	$150,295
GM Financial revenue	—	—	—	—	—	—	—	1,961	—	1,961
Intersegment	4,683	1,361	4,736	250	—	(11,032)	(2)	—	2	—
Total net sales and revenue	$ 94,595	$22,050	$27,690	$16,950	$ 40	$(11,032)	$150,293	$ 1,961	$ 2	$152,256
Income (loss) before automotive interest and income taxes-adjusted	$ 6,953	$ (1,797)	$ 2,191	$ 271	$ (395)	$ (107)	$ 7,116	$ 744	$ (1)	$ 7,859
Adjustments (a)	$(29,052)	$ (6,391)	$ (288)	$ 27	(402)	$ —	$ (36,106)	—	$ —	(36,106)
Corporate interest income					343					343
Automotive interest expense					489					489
Loss on extinguishment of debt					250			—		250
Income (loss) before income taxes					(1,193)			744		(28,643)
Income tax expense (benefit)					(35,007)			177	$ (1)	(34,831)
Net income attributable to stockholders					$ 33,814			$ 567		$ 6,188
Equity in net assets of nonconsolidated affiliates	$ 65	$ 51	$ 6,764	$ 3	$ —	$ —	$ 6,883	$ —	$ —	$ 6,883
Total assets	$ 87,181	$ 9,781	$25,092	$12,070	$ 16,991	$(17,371)	$133,744	$16,368	$(690)	$149,422
Expenditures for property	$ 4,766	$ 1,035	$ 1,225	$ 956	$ 77	$ (4)	$ 8,055	$ 13	$ —	$ 8,068
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,663	$ 6,570	$ 638	$ 483	$ 49	$ (1)	$ 11,402	$ 225	$ (10)	$ 11,617
Equity income, net of tax and gain on investments	$ 9	$ —	$ 1,552	$ 1	$ —	$ —	$ 1,562	$ —	$ —	$ 1,562
Significant non-cash charges (benefits) not classified as adjustments in (a)										
Impairment charges related to long-lived assets	$ 50	$ —	$ 28	$ 2	$ —	$ —	$ 80	$ —	$ —	$ 80
Impairment charges related to equipment on operating leases	40	141	—	—	—	—	181	—	—	181
Valuation allowances against deferred tax assets(b)	—	—	—	—	(36,261)	—	(36,261)	(103)	—	(36,364)
Total significant non-cash charges (benefits)	$ 90	$ 141	$ 28	$ 2	$(36,261)	$ —	$ (36,000)	$ (103)	$ —	$ (36,103)

(a) Consists of Goodwill impairment charges of $26.4 billion, pension settlement charges of $2.7 billion and income related to various insurance recoveries of $9 million in GMNA; property impairment charges of $3.7 billion, intangible assets impairment charges of $1.8 billion, goodwill impairment charges of $590 million, impairment charges related to investment in PSA of $220 million, a charge of $119 million to record GMS assets and liabilities to estimated fair value and income related to various insurance recoveries of $7 million in GME; GM Korea hourly wage litigation charge of $336 million, goodwill impairment charges of $132 million, which are presented net of noncontrolling interests, income related to various insurance recoveries of $112 million and income related to redemption of the GM Korea mandatorily redeemable preferred shares of $68 million in GMIO; income related to various insurance recoveries of $27 million in GMSA; and a charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

(b) Includes valuation allowance releases of $36.5 billion net of the establishment of new valuation allowances of $0.1 billion. Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	At and For the Year Ended December 31, 2011									
	GMNA	**GME**	**GMIO**	**GMSA**	**Corporate**	**Eliminations**	**Total Automotive**	**GM Financial**	**Eliminations**	**Total**
Sales										
External customers	$85,988	$25,154	$21,031	$16,632	$ 61	$ —	$148,866	$ —	$ —	$148,866
GM Financial revenue	—	—	—	—	—	—	—	1,410	—	1,410
Intersegment	4,245	1,603	3,730	245	—	(9,820)	3	—	(3)	—
Total net sales and revenue	$90,233	$26,757	$24,761	$16,877	$ 61	$ (9,820)	$148,869	$ 1,410	$ (3)	$150,276
Income (loss) before automotive interest and income taxes-adjusted	$ 7,194	$ (747)	$ 1,897	$ (122)	$ (447)	$ (93)	$ 7,682	$ 622	$ —	$ 8,304
Adjustments (a)	$ 2,394	$ (1,016)	$ (364)	$ 63	(216)	$ —	$ 861	—	$ —	861
Corporate interest income					455					455
Automotive interest expense					540					540
Income (loss) before income taxes					(748)			622		9,080
Income tax expense (benefit)					(295)			185		(110)
Net income (loss) attributable to stockholders					$ (453)			$ 437		$ 9,190
Equity in net assets of nonconsolidated affiliates	$ 60	$ 50	$ 6,678	$ 2	$ —	$ —	$ 6,790	$ —	$ —	$ 6,790
Total assets	$83,595	$15,799	$22,181	$11,631	$30,244	$(31,590)	$131,860	$13,112	$(369)	$144,603
Expenditures for property	$ 3,404	$ 1,016	$ 907	$ 880	$ 44	$ (10)	$ 6,241	$ 8	$ —	$ 6,249
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,693	$ 1,371	$ 491	$ 454	$ 50	$ (1)	$ 6,058	$ 85	$ (2)	$ 6,141
Equity income, net of tax and gain on investments (b)	$ 1,733	$ —	$ 1,458	$ 1	$ —	$ —	$ 3,192	$ —	$ —	$ 3,192
Significant noncash charges (gains) not classified as adjustments in (a)										
Impairment charges related to long-lived assets	$ 74	$ —	$ 4	$ 3	$ —	$ —	$ 81	$ —	$ —	$ 81
Impairment charges related to equipment on operating leases	75	76	—	—	—	—	151	—	—	151
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(488)	—	(488)	—	—	(488)
Total significant noncash charges (gains)	$ 149	$ 76	$ 4	$ 3	$ (488)	$ —	$ (256)	$ —	$ —	$ (256)

(a) Consists of the gain on sale of our New Delphi Class A Membership Interests of $1.6 billion and the gain related to the HCT settlement of $749 million in GMNA; Goodwill impairment charges of $1.0 billion in GME; Goodwill impairment charges of $258 million and charges related to HKJV of $106 million in GMIO; a gain on extinguishment of debt of $63 million in GMSA; and impairment charges of $555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of $339 million in Corporate.

(b) Includes a gain of $1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 10 for additional information on the sale of New Delphi.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

	For the Year Ended December 31, 2010									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$79,514	$22,868	$17,730	$15,065	$ 134	$ —	$135,311	$ —	$—	$135,311
GM Financial revenue	—	—	—	—	—	—	—	281	—	281
Intersegment	3,521	1,208	2,831	314	—	(7,874)	—	—	—	—
Total net sales and revenue	$83,035	$24,076	$20,561	$15,379	$ 134	$(7,874)	$135,311	$281	$—	$135,592
Income (loss) before automotive interest and income taxes-adjusted	$ 5,688	$ (1,953)	$ 2,262	$ 818	$ 191	$ (105)	$ 6,901	$129	$—	$ 7,030
Adjustments (a)	$ 60	$ 189	$ —	$ —	198	$ —	$ 447	—	$—	447
Corporate interest income					465					465
Automotive interest expense					1,098					1,098
Income (loss) before income taxes					(244)			129		6,844
Income tax expense					633			39		672
Net income (loss) attributable to stockholders					$ (877)			$ 90		$ 6,172
Expenditures for property	$ 2,380	$ 634	$ 729	$ 411	$ 46	$ —	$ 4,200	$ 2	$—	$ 4,202
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,434	$ 1,476	$ 349	$ 496	$ 168	$ —	$ 6,923	$ 7	$—	$ 6,930
Equity income, net of tax and gain on investments	$ 120	$ 11	$ 1,307	$ (2)	$ 2	$ —	$ 1,438	$ —	$—	$ 1,438
Significant noncash charges (gains) not classified as adjustments in (a)										
Net contingent Adjustment Shares (b)	$ —	$ —	$ —	$ —	$ (162)	$ —	$ (162)	$ —	$—	$ (162)
Reversal of valuation allowances against deferred tax assets (c)	—	—	—	—	(63)	—	(63)	—	—	$ (63)
Impairment charges related to long-lived assets	234	—	6	—	—	—	240	—	—	$ 240
Impairment charges related to equipment on operating leases	—	49	—	—	—	—	49	—	—	$ 49
Total significant noncash charges (gains)	$ 234	$ 49	$ 6	$ —	$ (225)	$ —	$ 64	$ —	$—	$ 64

(a) Consists of a gain on the sale of Nexteer of $60 million in GMNA, a gain on the sale of Saab of $123 million, a gain on acquisition of GMS of $66 million in GME and a gain on the extinguishment of the VEBA Notes of $198 million in Corporate.

(b) Gain on the reversal of an accrual for Adjustment Shares due to the conclusion that it was no longer probable that unsecured claims of MLC would reach the levels as defined by the Amended and Restated Master Sale and Purchase Agreement.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

Automotive revenue is attributed to geographic areas based on the country in which the product is sold, except for revenue from certain joint ventures and non-wholly owned consolidated subsidiaries. In such case, the revenue is attributed based on the geographic location of the joint venture or non-wholly owned consolidated subsidiary. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	At and For the Years Ended December 31,					
	2012		2011		2010	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
North America						
U.S.	$ 85,105	$13,520	$ 79,868	$11,736	$ 72,736	$10,351
Canada and Mexico	9,558	3,861	10,153	3,227	10,195	2,773
GM Financial						
U.S.	1,832	1,112	1,363	532	279	46
Canada	129	590	47	300	2	1
Europe						
France	1,551	30	2,343	73	1,820	63
Germany	4,610	308	5,975	2,348	5,004	1,852
Italy	1,412	24	2,429	55	2,509	176
Russia	1,990	165	1,668	124	964	132
Spain	962	84	1,263	464	1,398	665
United Kingdom	4,875	518	4,899	815	5,253	761
Other European countries	5,311	327	6,616	851	5,941	632
Asia						
Korea	8,907	2,280	9,087	1,874	7,301	1,519
Thailand	2,157	680	911	582	561	341
Other Asian countries	816	670	496	147	482	74
South America						
Argentina	1,741	146	1,723	164	1,215	183
Brazil	9,407	2,229	9,635	2,077	9,513	1,425
Colombia	1,527	190	1,799	117	1,438	104
Venezuela	1,846	56	1,472	48	1,130	47
Other South American countries	2,179	99	2,002	79	1,782	62
Other Geographic Locations						
Australia	3,554	607	3,887	516	3,623	492
South Africa	1,294	110	1,398	109	1,104	99
All other geographic locations	1,493	41	1,242	39	1,342	52
Total consolidated	$152,256	$27,647	$150,276	$26,277	$135,592	$21,850

The following table summarizes the aggregation of principal geographic information by U.S. and non-U.S. (dollars in millions):

	At and For the Years Ended December 31,					
	2012		2011		2010	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
U.S.	$ 86,937	$14,632	$ 81,231	$12,268	$ 73,015	$10,397
Non-U.S.	65,319	13,015	69,045	14,009	62,577	11,453
Total U.S. and non-U.S.	$152,256	$27,647	$150,276	$26,277	$135,592	$21,850

Note 30. Supplemental Information for the Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Change in other operating assets and liabilities and cash paid for income taxes and interest (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Accounts receivable	$ (460)	$(1,572)	$ (641)
Prepaid expenses and other deferred charges	(255)	(165)	304
Inventories	(326)	(2,760)	(2,229)
Accounts payable	162	2,139	2,257
Income taxes payable	155	(360)	54
Accrued liabilities and other liabilities	1,041	(727)	(83)
Automotive equipment on operating leases	370	(522)	(628)
Total	$ 687	$(3,967)	$ (966)
Cash paid for income taxes and interest			
Cash paid for income taxes	$ 575	$ 569	$ 357
Cash paid for interest — Automotive	$ 452	$ 317	$ 1,001
Cash paid for interest — GM Financial	298	284	66
Total cash paid for interest	$ 750	$ 601	$ 1,067

Significant Non-Cash Activity

Investing Cash Flows

The following table summarizes the amounts of non-cash property additions that were excluded from Expenditures for property within the investing activities section of the consolidated statement of cash flows because no cash was expended (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Non-cash property additions	$3,879	$3,689	$2,290

Financing Cash Flows

The following table summarizes the amounts relating to non-cash financing activities that were excluded from the financing activities section of the consolidated statements of cash flows because no cash was expended (dollars in millions):

	Years Ended December 31,		
	2012	2011	2010
Contribution of common stock to U.S. hourly and salaried pension plans	$—	$1,864	$—
Notes issued to settle CAW hourly retiree healthcare plan	$—	$1,122	$—

Refer to Note 18 for additional information on the common stock contributed to our pension plans.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our Chairman and CEO and Senior Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2012. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2012.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2012, utilizing the criteria discussed in the "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2012. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2012.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ DANIEL F. AKERSON

Daniel F. Akerson
Chairman and Chief Executive Officer

February 15, 2013

/s/ DANIEL AMMANN

Daniel Ammann
Senior Vice President and Chief Financial Officer

February 15, 2013

* * * * * * *

GENERAL INFORMATION

COMMON STOCK
GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

PREFERRED STOCK
4.75% GM Series B mandatory convertible junior preferred stock, $0.01 par value

Ticker symbol: GM PR B - New York Stock Exchange

ANNUAL MEETING
The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Thursday, June 6, 2013, in Detroit, Michigan.

STOCKHOLDER ASSISTANCE
Stockholders of record requiring information about their accounts should contact:
Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334 (from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service and the Computershare website at www.computershare.com/gm are always available.

For other information, stockholders may contact:
GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

ELECTRONIC DELIVERY OF ANNUAL MEETING MATERIALS
Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at www.computershare.com/gm. If your GM stock is held through a broker, bank or other nominee, contact it directly.

SECURITIES AND INSTITUTIONAL ANALYST QUERIES
GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

AVAILABLE PUBLICATIONS
GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and Winning With Integrity (code of conduct) are available online at www.gm.com/investor.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

VISIT GM ON THE INTERNET
Learn more about General Motors vehicles and services on our website at www.gm.com.

GM CUSTOMER ASSISTANCE CENTERS
Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300
or @BuickCustCare

Cadillac: 800-458-8006
or @CadillacCustSvc

Chevrolet: 800-222-1020
or @ChevyCustCare

GMC: 800-462-8782
or @GMCCustCare

HUMMER: 800-732-5493
or @GMCustomerSvc

Oldsmobile: 800-442-6537
or @GMCustomerSvc

Pontiac: 800-762-2737
or @GMCustomerSvc

Saab: 800-955-9007
or @GMCustomerSvc

Saturn: 800-553-6000
or @GMCustomerSvc

GM of Canada: 800-263-3777

GM Mobility: 800-323-9935

OTHER PRODUCTS AND SERVICES
GM Card: 800-846-2273
OnStar: 888-667-8277

PRINCIPAL OFFICE
General Motors Company
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-556-5000

Please go to www.gmannualreport.com to view our new online annual report – a view of our year, our strategy, our vehicles and more.

GENERAL MOTORS COMPANY
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
www.gm.com

MIX
Paper from responsible sources
FSC® C020623
www.fsc.org

MANUFACTURED BY AN SGP FACILITY

Printed on paper that consists of at least 10% post-consumer fiber

EXHIBIT 18

GENERAL MOTORS COMPANY

2013 ANNUAL REPORT


2014 CADILLAC CTS Motor Trend Car of the Year

Relentless forward motion.

Today's GM is born of the passion of our people to bring our customers the finest cars and trucks we've ever built … and to reward our stockholders for their confidence in us.

We're doing all that and more. GM is moving forward. And the very best is yet to come.

FINANCIAL CONTENTS

To Our Stockholders:

2013 was an historic year for General Motors – a year in which we advanced every part of our long-term strategy for profitable growth.

We strengthened GM's fortress balance sheet. We delivered solid earnings and made a number of strategic investments around the world. We also built on our reputation for product excellence and world-class quality, thanks to our revitalized portfolio of highly regarded new and refreshed vehicles.

In June, Standard & Poor's restored GM to the S&P 500, which opened the door to new investors, including index mutual fund holders and other investment institutions. Then in September, Moody's Investors Service responded to our progress by elevating GM to investment grade. Finally, the U.S. Treasury sold its remaining stake in the company toward the end of the year, and we will be forever grateful for the extraordinary assistance we received.

These were all important milestones. But just as important, our culture is changing and the entire company is now squarely focused on the customer: what they want, what they need and what they deserve when they buy a new GM car, truck or crossover.

This discipline is transforming our product design, quality and customer care at a remarkable pace. It is also guiding our response to the large safety recalls announced in early 2014 that involve the ignition switches in certain GM vehicles no longer in production.

Rest assured that we are completely focused on this issue at the highest levels of the company and we are working to exceed everyone's expectations for customer care, responsiveness and transparency.

MARY T. BARRA

Chief Executive Officer

Our culture is changing and the entire company is now squarely focused on the customer: what they want, what they need and what they deserve when they buy a new GM car, truck or crossover.

RECORD SALES

9,700,000
VEHICLES

delivered around the world

Nothing is more important than the safety of our customers, so we are also making changes to ensure that something like this does not happen again. One of our first actions was to name a vice president of Global Vehicle Safety to oversee the safety development of GM vehicle systems on a global basis, the confirmation and validation of safety performance, and post-sale safety activities such as recalls. There will be more changes because we are determined to emerge from this crisis stronger and wiser so we can accelerate the momentum we generated throughout 2013.

During the year, we delivered a record 9.7 million vehicles around the world and more than $155 billion in revenue. We saw record sales in China, the world's largest market; higher retail share in the United States; and Opel/Vauxhall's first market share increase in Europe in 14 years.

Net income to common stockholders was $3.8 billion, which is down from 2012 largely because of incremental tax expense and the actions we took to make the business stronger for the long term.

By contrast, our EBIT-adjusted – a figure that tracks how the underlying business is performing before interest, taxes and special items – was a robust $8.6 billion. That is up $700 million from 2012.

The largest contributors were our operations in North America, where we had record earnings, our China joint ventures and GM Financial, which also posted record results. South America was profitable and Europe, which significantly reduced its losses, remains on track to achieve its mid-decade break-even target.

All of this translates into 16 consecutive profitable quarters and almost $32 billion of cumulative EBIT-adjusted since the beginning of 2010. These results also paved the way, in early 2014, for our Board of Directors to declare a 30-cent per share quarterly dividend on our common stock – a first for today's GM.

2015 CADILLAC
ATS COUPE

GM's IPO: An Expression of What Could Be

Returning capital to common stockholders through a dividend was meaningful because it helps deliver on the promise of GM's historic 2010 initial public offering.

We went public as a smaller company with far less debt and some very good vehicles. However, a wide range of issues had to be addressed so that the company could better adapt to aggressive global competition, rapid-fire advances in technology and increasingly stringent government regulations.

Working together, our team set out to rebuild the company's organizational capability in corporate and consumer finance, accounting, information technology, risk management, research and development, and more.

Every year since the IPO, we have made significant progress, and 2013 was no exception. For example, we acquired Ally Financial's International Operations in Europe and Latin America, and we expect to acquire Ally Financial's China joint venture in 2014.

The year also saw the opening of a new state-of-the-art information technology data center and the start of construction on a second mirrored and fully redundant facility, as well as the retirement of several billion dollars of high-cost preferred stock. However, no amount of restructuring, reorganization and investment would matter much if we had not made the customer our compass.

Our products best tell this story. Today, GM products are taking on the best vehicles in the world and winning – with customers and critics alike. For example, the new Cadillac ATS sedan, which was named the 2013 North American Car of the Year by a panel of distinguished journalists, helped Cadillac become the fastest-growing full-line luxury brand in 2013. Just 12 months later, Chevrolet

2014 SILVERADO: North American Truck of the Year; **2014 CORVETTE STINGRAY:** North American Car of the Year

QUALITY

8

J.D. Power
Initial Quality Awards
in 2013

swept the group's 2014 car and truck awards with the Corvette Stingray and the Silverado. About the same time, the new Cadillac CTS was named the *Motor Trend* Car of the Year.

The same story is playing out all over the world. The revitalization of Opel/Vauxhall is just one example. Opel won more than three dozen awards for design, performance, innovation and value in 2013, thanks in large measure to the new ADAM and Mokka.

Compelling design played a part in these success stories. So did value, and advanced technology in areas like safety, connectivity and fuel economy. However, there is one attribute that can make or break a brand, and that is quality.

Quality: Good Enough Just Isn't

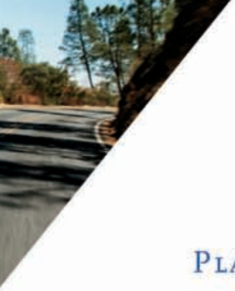
For years, GM's quality was competitive. Today "good enough" just isn't, and we have made major strides because the entire organization is now on the same page. For example, back in 2011 we aligned the compensation of salaried and hourly employees in the United States around profits and quality.

This provides a greater opportunity for employees to share in the success of the business. And getting our workforce fully engaged was instrumental in helping us earn eight Initial Quality Awards in the J.D. Power 2013 Initial Quality Study*, which was more than any other automaker.

We are proud of our progress, but it is critical that we improve on these results and then replicate them all over the world. That is why we created the Global Quality & Customer Experience team in 2013.

This group is helping us develop even more robust product quality and durability testing standards, and revamp how we handle customer concerns to move faster and get our designers and engineers fully engaged.

* The GM vehicles ranked highest in their segments in the J.D. Power 2013 Initial Quality Study were: Chevrolet Camaro (Midsize Sporty Car); Chevrolet Impala (Large Car); Chevrolet Tahoe (Large CUV); Chevrolet Silverado HD (Large Heavy-Duty Pickup); Chevrolet Avalanche and GMC Sierra (Tie – Large Light-Duty Pickup); Cadillac Escalade (Large Premium CUV); Buick Encore (Tie – Sub-Compact CUV).



Playing Offense

Everyone at GM knows that to get ahead and stay ahead, we have to do more than just get the fundamentals like quality right. We have to play offense with great products and exceptional value.

For example, in 2013 and early 2014, we announced that GMC and Chevrolet will reenter the mid-size pickup segment in the United States by leveraging one of our global truck architectures. This is a segment that our domestic competitors abandoned. But we think there are plenty of customers ready for great-looking, very capable and fuel-efficient designs. The vehicles – the Chevrolet Colorado and GMC Canyon – launch this fall.

Transforming Cadillac into a global luxury brand is another priority. That's why we are simultaneously expanding our product portfolio and building a dedicated plant in Shanghai to serve the Chinese market, which we believe will be the largest luxury market in the world by the end of the decade. We broke ground on this facility in 2013, and it is one of several investments that we expect will increase our capacity in China to about 5 million units within a few years.

Driving Innovation

Another thing all great companies do is innovate, and GM is now doing a much better job of stretching for breakthroughs and creating significant positive change for customers.

Our global connected car strategy is a case in point. Our OnStar business was a pioneer of the connected car, and it turned three simple buttons – one for calls, one for directions and one for emergencies – into a very successful business with close to 7 million subscribers in the United States, Canada, China and Mexico.

BUICK ENCORE

62,000
UNITS

global sales of 100,000 units – including 62,000 in China

2014 BUICK ENCORE

2015 GMC CANYON

2015 CHEVROLET COLORADO

Now Opel is planning to introduce OnStar across its passenger car range in selected European markets beginning in 2015. In addition, we are preparing to take OnStar beyond safety and security to an entirely new level of performance and redefine what it means to be connected.

In early 2013, we announced the automotive industry's largest global deployment of 4G LTE high-speed mobile broadband. Our strategy will give consumers around the world superior smartphone integration, a built-in Wi-Fi hotspot and a growing portfolio of apps that can handle everything from scheduling vehicle service appointments to booking a hotel room.

The plan is for the OnStar 4G LTE rollout to start this summer in the United States and Canada on most 2015 models, and we plan to expand availability to more brands, vehicles and markets in coming years.

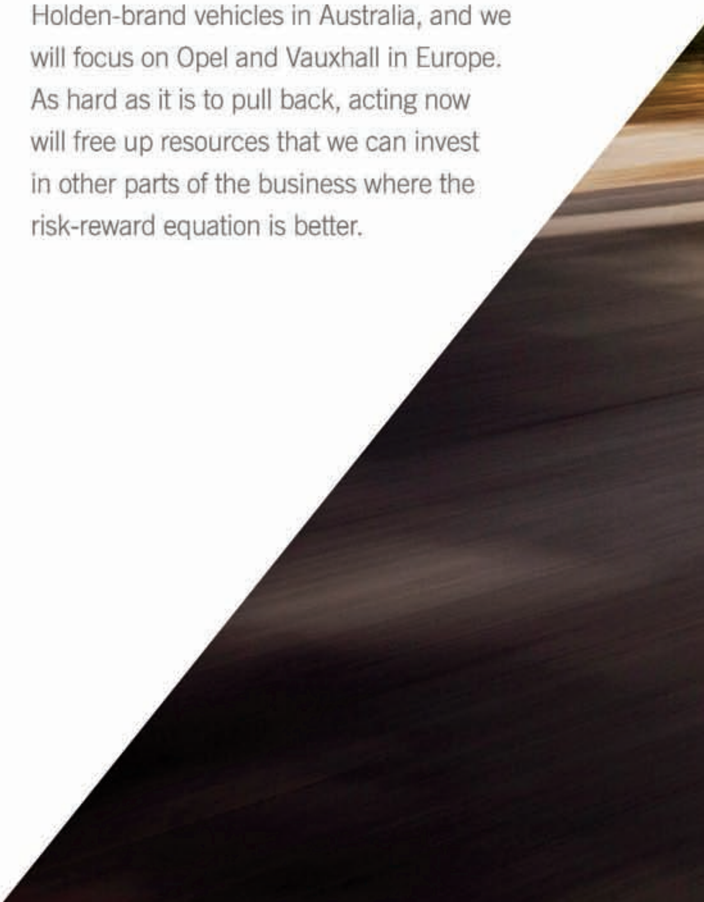
Every initiative I have shared so far has one goal: to help GM grow profitably around the world. The same holds true for the difficult decisions we made in 2013, which include actions that will end the sale of mainstream Chevrolet products in Europe after 2015, and stop the production of vehicles at our Australian operations by the end of 2017. These business units have been generating losses for years because of issues that include high production costs, lack of scale and adverse currency shifts.

Going forward, we will continue to market Holden-brand vehicles in Australia, and we will focus on Opel and Vauxhall in Europe. As hard as it is to pull back, acting now will free up resources that we can invest in other parts of the business where the risk-reward equation is better.

BROADBAND

4G LTE

rolls out this year in U.S. and Canada



2014 OPEL ADAM

Opel won more than three dozen awards for design, performance, innovation and value in 2013.

Our ultimate goal is to see GM ranked among the very best companies in the world.

2014
CHEVROLET
MALIBU

Leading GM into the Future

One of the principal architects of GM's success is Dan Akerson, who stepped down as chairman and CEO in January 2014 due to family reasons. Dan's GM career began on the eve of our historic IPO, and it spanned some of the most critical – and successful – years in the company's history.

I remember the day early in his tenure when Dan said emphatically, "I am not a car guy." Many people didn't know what to make of his remark because they were used to auto executives with gasoline in their veins and nicknames like "Engine Charlie."

However, history will show that Dan was the quintessential car guy because he drove us to refocus our entire organization around the customer, saying that is what the world's most successful companies do. At the same time, he changed how we operate by challenging the status quo in every area and promoting or recruiting change agents who helped us learn that past practice isn't always best practice.

Under Dan's leadership, the GM Board of Directors has become one of the strongest boards in corporate America. We've added a number of respected directors, including Tim Solso, the retired chairman and CEO of Cummins Inc., who is now GM's non-executive chairman. Tim is widely considered to be one of the world's best corporate leaders.

At Cummins, he preached profitable growth, he championed innovation and the company delivered exceptional returns to stockholders in the process. His counsel is going to be invaluable.

To be sure, we still have our share of internal and external challenges. But we know what they are and we are facing them down one after another. That's why there will be no right or left turns by today's leadership team.

In the years ahead, you can expect continued investment by GM in compelling design, innovation and an exceptional ownership experience. Simultaneously, we will continue our work to reduce internal complexity, especially in product development, drive down material and logistics costs, and fix or exit businesses that are not profitable.

We know that winning in each of these areas – not just making progress – is the best path to leadership and reaching our ultimate goal, which is to see GM ranked among the very best companies in the world.

Respectfully,

Mary T Barra

MARY T. BARRA
Chief Executive Officer
April 25, 2014

WORLDWIDE NET SALES & REVENUE

$155B

NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS

$3.8B

DILUTED EARNINGS PER SHARE

$2.38

COMPARISON OF CUMULATIVE TOTAL RETURN

Cumulative Value of $100 Investment Through December 31,

	11/18/2010	2010	2011	2012	2013
General Motors Company	$100	$111.70	$ 61.42	$ 87.36	$123.85
S&P 500 Stock Index	$100	$106.94	$109.20	$126.68	$167.71
Dow Jones Automobiles & Parts Titans 30™ Index	$100	$104.10	$ 87.40	$108.68	$144.26

Source: Bloomberg

VEHICLE SALES AND NET REVENUE

(in millions, except per share & units)	2012	2013
VEHICLE SALES, INCLUDING JOINT VENTURES - (000'S UNITS)		
GMNA	3,019	3,234
GME	1,611	1,557
GMIO	3,616	3,886
GMSA	1,051	1,037
Worldwide Vehicle Sales	**9,297**	**9,715**
FINANCIAL RESULTS		
Worldwide Net Sales & Revenue	$152,256	$155,427
Earnings Before Interest and Income Taxes - Adjusted*	$ 7,859	$ 8,578
Net Income Attributable to Common Stockholders	$ 4,859	$ 3,770
Diluted Earnings Per Share	$ 2.92	$ 2.38
AUTOMOTIVE LIQUIDITY & KEY OBLIGATIONS		
Available Automotive Liquidity		
Cash and Marketable Securities	$ 26,121	$ 27,919
Credit Facilities	11,119	10,404
Total Available Automotive Liquidity	**$ 37,240**	**$ 38,323**
Key Automotive Obligations		
Debt	$ 5,172	$ 7,137
Underfunded U.S. Pension	14,025	7,314
Total Automotive Obligations	**$ 19,197**	**$ 14,451**
ADJUSTED AUTOMOTIVE FREE CASH FLOW		
Operating Cash Flow	$ 9,631	$ 11,021
Less: Capital Expenditures	(8,055)	(7,549)
Automotive Free Cash Flow	**1,576**	**3,472**
Adjustments	2,712	225
Adjusted Automotive Free Cash Flow	**$ 4,288**	**$ 3,697**
EMPLOYMENT - YEAR END (000'S)		
GMNA	101	109
GME	37	35
GMIO	39	38
GMSA	32	31
GM Financial	4	6
Worldwide Employment	**213**	**219**

*Includes GM Financial on an Earnings Before Tax (EBT) basis

GENERAL MOTORS COMPANY AND SUBSIDIARIES RECONCILIATION OF NON-GAAP MEASURES

The accompanying Letter to Stockholders includes earnings before interest and taxes adjusted for special items (EBIT-adjusted) and Adjusted automotive free cash flow which are not prepared in accordance with Accounting Principles Generally Accepted in the United States of America (U.S. GAAP) and have not been audited or reviewed by GM's independent auditors. EBIT-adjusted and Adjusted automotive free cash flow are considered non-GAAP measures.

Management believes these non-GAAP measures provide meaningful supplemental information regarding GM's operating results and liquidity because they exclude amounts that management does not consider when assessing and measuring operational and financial performance. Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. GM believes these non-GAAP measures are useful in allowing for greater transparency of GM's core operations and they are therefore used by management in its financial and operational decision-making.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP, and there are limitations associated with their use. GM's calculation of these non-GAAP measures may not be completely comparable to similarly titled measures of other companies due to potential differences between companies in their method of calculation. As a result, the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income or Net income attributable to common stockholders. Due to these limitations, these non-GAAP measures are used as a supplement to U.S. GAAP measures.

The following table summarizes the reconciliation of EBIT-adjusted to its most comparable U.S. GAAP measure (dollars in millions):

	2012	2013
OPERATING SEGMENTS		
GMNA[(a)]	$6,470	$7,461
GME[(a)]	(1,939)	(844)
GMIO[(a)]	2,528	1,230
GMSA[(a)]	457	327
GM Financial[(b)]	744	898
Total operating segments[(b)]	8,260	9,072
Corporate and eliminations	(401)	(494)
EBIT-ADJUSTED[(b)]	**7,859**	**8,578**
Special items	(36,106)	(805)
Corporate interest income	343	246
Automotive interest expense	489	334
Loss on extiguishment of debt	250	212
Income tax expense (benefit)	(34,831)	2,127
NET INCOME ATTRIBUTABLE TO STOCKHOLDERS	**$6,188**	**$5,346**

(a)Interest and income taxes are recorded centrally in Corporate and therefore are not reconciling items for GM's automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.
(b)GM Financial amounts represent income before income taxes.

In the year ended December 31, 2012, adjustments to automotive free cash flow included the following:
- Voluntary contributions to a pension plan of $2.3 billion; and
- The premium paid to purchase our common stock from the United States Treasury of $0.4 billion.

In the year ended December 31, 2013, adjustments to automotive free cash flow included the following:
- Accrued interest on the prepayment of the HCT notes of $0.2 billion
- Pension contributions of $0.1 billion related to the previously announced annuitization of the U.S. salaried pension plan

In the year ended December 31, 2012, special items for EBIT-adjusted included the following:
- Goodwill impairment charges of $26.4 billion in GMNA, $590 million in GME and $132 million in GMIO;
- Pension settlement charges of $2.7 billion in GMNA;
- Income related to various insurance recoveries of $155 million in GMNA, GME, GMIO and GMSA;
- Property impairment charges of $3.7 billion in GME;
- Intangible assets impairment charges of $1.8 billion in GME;
- Impairment charges related to the investment in PSA of $220 million in GME;
- A charge of $119 million in GME to record GM Strasbourg assets and liabilities to estimated fair value;
- GM Korea hourly wage litigation charge of $336 million in GMIO;
- Noncontrolling interests of $68 million in GMIO related to redemption of the GM Korea mandatorily redeemable preferred shares; and
- A charge of $402 million in Corporate which represents the premium paid to purchase our common stock from the UST.

In the year ended December 31, 2013, special items for EBIT-adjusted included the following:
- Impairment charges of property and intangible assets of $774 million in GMIO;
- Costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe of $621 million in GMIO;
- Gain related to reversal of GM Korea wage litigation accrual of $577 million in GMIO;
- Gain on sale of equity investment in Ally Financial of $483 million in Corporate;
- Goodwill impairment charges of $442 million in GMIO;
- Venezuela currency devaluation loss of $162 million in GMSA;
- Gain on sale of equity investment in PSA of $152 million in GME;
- Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares of $67 million in GMIO;
- Pension settlement charges of $56 million in GMNA;
- Charges related to PSA product development agreement of $49 million in GMNA; and
- Income related to various insurance recoveries of $35 million.

BOARD OF DIRECTORS (AS OF APRIL 1, 2014)

BEGINNING ON LEFT:

STEPHEN J. GIRSKY
Senior Advisor, General Motors Company, *Joined Board 07/10/09*

PATRICIA F. RUSSO
Retired Chief Executive Officer, Alcatel-Lucent, *Joined Board 07/24/09*

ROBERT D. KREBS
Retired Chairman and Chief Executive Officer, Burlington Northern Santa Fe Corporation, *Joined Board 07/24/09*

DAVID BONDERMAN
Co-Founding Partner and Managing General Partner, TPG, *Joined Board 07/24/09*

E. NEVILLE ISDELL
Retired Chairman and Chief Executive Officer, The Coca-Cola Company, *Joined Board 07/10/09*

MARY T. BARRA
Chief Executive Officer, General Motors Company, *Joined Board 01/15/14*

THEODORE M. SOLSO
Retired Chairman and Chief Executive Officer, Cummins Inc., and Chairman of the Board, General Motors Company, *Joined Board 06/12/12*

CAROL M. STEPHENSON
Retired Dean, Ivey Business School, The University of Western Ontario, *Joined Board 07/24/09*

JAMES J. MULVA
Retired Chairman and Chief Executive Officer, ConocoPhillips, *Joined Board 06/12/12*

DR. CYNTHIA A. TELLES
Director, UCLA Neuropsychiatric Institute Spanish-Speaking Psychosocial Clinic, *Joined Board 04/13/10*

THOMAS M. SCHOEWE
Retired Executive Vice President and Chief Financial Officer, Wal-Mart Stores, Inc., *Joined Board 11/14/11*

KATHRYN V. MARINELLO
Senior Advisor, Ares Management LLC, *Joined Board 07/10/09*

NOT PICTURED:

ERROLL B. DAVIS, JR.
Superintendent, Atlanta Public Schools, *Joined Board 07/10/09*

ADMIRAL MICHAEL G. MULLEN, USN (RET.)
Retired Chairman, Joint Chiefs of Staff, *Joined Board 02/01/13*

MANAGEMENT TEAM (AS OF APRIL 1, 2014)

MARY T. BARRA
Chief Executive Officer

DANIEL AMMANN
President

JAIME ARDILA
Executive Vice President & President, South America

ALAN S. BATEY
Executive Vice President & President, North America

SELIM BINGOL
Senior Vice President, Global Communications & Public Policy

ALICIA BOLER-DAVIS
Senior Vice President, Global Quality & Customer Experience

JAMES B. DELUCA
Executive Vice President, Global Manufacturing

ROBERT E. FERGUSON
Senior Vice President, Global Cadillac

MELISSA HOWELL
Senior Vice President, Global Human Resources

STEFAN JACOBY
Executive Vice President & President, Consolidated International Operations

ANNE T. LARIN
Secretary

GRACE LIEBLEIN
Vice President, Global Purchasing & Supply Chain

VICTORIA MCINNIS
Chief Tax Officer

MICHAEL P. MILLIKIN
Executive Vice President & General Counsel

RANDALL D. MOTT
Senior Vice President, Global Information Technology & Chief Information Officer

DR. KARL-THOMAS NEUMANN
Executive Vice President & President, Europe

MARK L. REUSS
Executive Vice President, Global Product Development, Purchasing and Supply Chain

CHARLES K. STEVENS, III
Executive Vice President & Chief Financial Officer

NIHARIKA TASKAR RAMDEV
Vice President, Finance and Treasurer

BRIAN D. THELEN
General Auditor

THOMAS S. TIMKO
Vice President, Controller & Chief Accounting Officer

MATTHEW TSIEN
Executive Vice President & President, GM China

EDWARD T. WELBURN, JR.
Vice President, Global Design

Market Information

Shares of our common stock have been publicly traded since November 18, 2010 when our common stock was listed and began trading on the New York Stock Exchange and the Toronto Stock Exchange. The following table summarizes the quarterly price ranges of our common stock based on high and low prices from intraday trades on the New York Stock Exchange, the principal market in which the stock is traded:

	Years Ended December 31,			
	2013		2012	
	High	Low	High	Low
Quarter				
First	$ 30.68	$ 26.19	$ 27.68	$ 20.75
Second	$ 35.49	$ 27.11	$ 27.03	$ 19.24
Third	$ 37.97	$ 33.41	$ 25.15	$ 18.72
Fourth	$ 41.85	$ 33.92	$ 28.90	$ 22.67

Holders

At January 30, 2014 we had a total of 1.6 billion issued and outstanding shares of common stock held by 403 holders of record.

Dividends

So long as any share of our Series A Preferred Stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on our Series A Preferred Stock, subject to exceptions, such as dividends on our common stock payable solely in shares of our common stock. Our secured revolving credit facilities contain certain restrictions on our ability to pay dividends on our common stock, subject to exceptions, such as dividends payable solely in shares of our common stock. At December 31, 2013 there were no dividends in arrears on our Series A Preferred Stock.

Since our formation, we had not paid any dividends on our common stock through the year ended December 31, 2013. In January 2014 our Board of Directors declared a dividend on common stock in the amount of $0.30 per share payable in March 2014. It is anticipated that dividends on our common stock will be declared and paid quarterly subsequent to the initial dividend declaration. However our payment of dividends in the future, if any, will be determined by our Board of Directors and will be paid out of funds legally available for that purpose. Our payment of dividends in the future will depend on business conditions, our financial condition, earnings, liquidity and capital requirements, the covenants in our secured revolving credit facilities and other factors.

* * * * * * *

GENERAL MOTORS COMPANY AND SUBSIDIARIES

Selected Financial Data

Pursuant to the agreement with the Securities and Exchange Commission (SEC), as described in a no-action letter issued to Old GM by the SEC Staff on July 9, 2009 regarding our filing requirements, the selected financial data below includes the selected financial data of Old GM as it is the Predecessor entity solely for accounting and financial reporting purposes. At July 10, 2009 we applied fresh-start reporting following the guidance in Accounting Standards Codification (ASC) 852, "Reorganizations". The consolidated financial statements for the periods ended on or before July 9, 2009 do not include the effect of any changes in the fair value of assets or liabilities as a result of the application of fresh-start reporting. Our financial information at and for any period after July 10, 2009 is not comparable to Old GM's financial information. Selected financial data is summarized in the following table (dollars in millions except per share amounts):

	Successor					Predecessor
	Years Ended December 31,				July 10, 2009 Through December 31,	January 1, 2009 Through
	2013	2012	2011	2010	2009	July 9, 2009
Income Statement Data:						
Total net sales and revenue (a)	$ 155,427	$ 152,256	$ 150,276	$ 135,592	$ 57,474	$ 47,115
Reorganization gains, net (b)	$ —	$ —	$ —	$ —	$ —	$ 128,155
Income (loss) from continuing operations	$ 5,331	$ 6,136	$ 9,287	$ 6,503	$ (3,786)	$ 109,003
Net (income) loss attributable to noncontrolling interests	15	52	(97)	(331)	(511)	115
Net income (loss) attributable to stockholders (c)	$ 5,346	$ 6,188	$ 9,190	$ 6,172	$ (4,297)	$ 109,118
Net income (loss) attributable to common stockholders	$ 3,770	$ 4,859	$ 7,585	$ 4,668	$ (4,428)	$ 109,118
Basic earnings (loss) per common share (d)	$ 2.71	$ 3.10	$ 4.94	$ 3.11	$ (3.58)	$ 178.63
Diluted earnings (loss) per common share (d)	$ 2.38	$ 2.92	$ 4.58	$ 2.89	$ (3.58)	$ 178.55
Balance Sheet Data (as of period end):						
Total assets (a)	$ 166,344	$ 149,422	$ 144,603	$ 138,898	$ 136,295	
Automotive notes and loans payable (e)	$ 7,137	$ 5,172	$ 5,295	$ 4,630	$ 15,783	
GM Financial notes and loans payable (a)	$ 29,046	$ 10,878	$ 8,538	$ 7,032		
Series A Preferred Stock (f)	$ 3,109	$ 5,536	$ 5,536	$ 5,536	$ 6,998	
Series B Preferred Stock (g)	$ —	$ 4,855	$ 4,855	$ 4,855		
Equity (h)	$ 43,174	$ 37,000	$ 38,991	$ 37,159	$ 21,957	

(a) General Motors Financial Company, Inc (GM Financial) was consolidated effective October 1, 2010. GM Financial acquired Ally Financial, Inc's (Ally Financial) international operations in Europe and Latin America in the year ended December 31, 2013.

(b) In the period January 1, 2009 through July 9, 2009 Old GM recorded Reorganization gains, net of $128.2 billion directly associated with filing of certain of its direct and indirect subsidiaries voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York, a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) of Old GM and certain of its direct and indirect subsidiaries and the application of fresh-start reporting.

(c) In the year ended December 31, 2012 we recorded Goodwill impairment charges of $27.1 billion, the reversal of deferred tax valuation allowances of $36.3 billion in the U.S. and Canada, pension settlement charges of $2.7 billion and GM Europe (GME) long-lived asset impairment charges of $5.5 billion.

(d) In the years ended December 31, 2012 and 2011 we used the two-class method for calculating earnings per share as the Series B Preferred Stock was a participating security due to the applicable market value of our common stock being below $33.00 per common share. Refer to Note 22 to our consolidated financial statements for additional detail.

(e) In December 2010 GM Korea Company (GM Korea) terminated its $1.2 billion credit facility following the repayment of the remaining $1.0 billion under the facility.

(f) In September 2013 we purchased 120 million shares of our Series A Preferred Stock held by the UAW Retiree Medical Benefits Trust (New VEBA) for $3.2 billion. In December 2010 we purchased 84 million shares from the UST for $2.1 billion.

(g) In December 2013 all of our Series B Preferred Stock automatically converted into 137 million shares of our common stock. Our Series B Preferred Stock was issued in a public offering in November and December 2010.

(h) In December 2012 we purchased 200 million shares of our common stock for a total of $5.5 billion, which directly reduced shareholder's equity by $5.1 billion and we recorded a charge to earnings of $0.4 billion. Our Series A Preferred Stock was reclassified from temporary equity to permanent equity in the year ended December 31, 2010.

* * * * * * *

Management's Discussion and Analysis of Financial Condition and Results of Operations

General Motors Company (sometimes referred to as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM") was incorporated as a Delaware corporation in 2009 and on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through the 363 Sale. General Motors Corporation is sometimes referred to in this Annual Report on Form 10-K (2013 Form 10-K), for the periods on or before July 9, 2009, as "Old GM," as it is the predecessor entity solely for accounting and financial reporting purposes. On July 10, 2009 in connection with the 363 Sale, General Motors Corporation changed its name to Motors Liquidation Company, which is sometimes referred to in this 2013 Form 10-K for the periods after July 10, 2009 as "MLC." On December 15, 2011 MLC was dissolved and the Motors Liquidation Company GUC Trust (GUC Trust) assumed responsibility for the affairs of and certain claims against MLC and its debtor subsidiaries that were not concluded prior to MLC's dissolution. MLC transferred to the GUC Trust all of MLC's remaining undistributed shares of our common stock and warrants to acquire our common stock.

Basis of Presentation

This Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) should be read in conjunction with the accompanying consolidated financial statements. We analyze the results of our business through our five segments: GM North America (GMNA), GME, GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Consistent with industry practice, market share information includes estimates of industry sales in certain countries where public reporting is not legally required or otherwise available on a consistent basis.

In the three months ended March 31, 2013 we changed our managerial and financial reporting structure to measure our reportable segments revenue and profitability based on the geographic area in which we sell vehicles to third party customers. We have retrospectively revised the segment presentation for all periods presented. Refer to Note 25 to our consolidated financial statements for additional information on this change.

Overview

Automotive

Our vision is to design, build and sell the world's best vehicles. The primary elements of our strategy to achieve this vision are to:

- Deliver a product portfolio of the world's best vehicles that includes cars, crossovers and trucks, allowing us to maximize sales under any market condition;
- Sell our vehicles globally by targeting developed markets, which are projected to have increases in vehicle demand as the global economy recovers, and further strengthening our position in high growth emerging markets;
- Improve revenue realization and maintain a competitive cost structure to allow us to remain profitable at lower industry volumes and across the lifecycle of our product portfolio;
- Maintain a strong balance sheet by reducing financial leverage given the high operating leverage of our business model; and
- Ensure that our dealers and customers have consistently available, transparent and competitive financing options through GM Financial and other providers.

We are committed to leadership in vehicle design, quality, reliability, telematics and infotainment and safety, as well as to developing key energy efficiency, energy diversity and advanced propulsion technologies, including electric vehicles. Our business is diversified across products and geographic markets. We meet the local sales and service needs of our retail and fleet customers with a global network of independent dealers.

GMNA

GMNA has sales, manufacturing and distribution operations in the U.S., Canada and Mexico and sales and distribution operations in Central America and the Caribbean. GMNA represented 51.1% of our wholesale vehicle sales volume in 2013 and we had the largest market share, based upon retail vehicle sales, in North America at 16.9%. We grew our retail market share in all four brands as compared to 2012. Our market share growth was driven in part by the success of several product launches during the year, most notably the Corvette Stingray, Chevrolet Impala, Cadillac CTS and the all-new Chevrolet Silverado and GMC Sierra full-size trucks. Our products in the region continued to receive recognitions of excellence including the most initial quality awards as determined by JD Power and Associates as compared to any other automotive manufacturer in 2013.

GME

GME has sales, manufacturing and distribution operations across Western and Central Europe. GME's wholesale vehicle sales volume, which in addition to Western and Central Europe, includes Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others) represented 16.3% of our wholesale vehicle sales volume in 2013. In 2013 we estimate we had the number four market share, based upon retail vehicle sales, in Europe at 8.3%. GMIO distributed Chevrolet brand vehicles in Europe. These vehicles are reported within market share for Europe, but wholesale vehicle sales volume is recorded by GMIO. Our European operations continue to show signs of improvement underscored by our first Opel and Vauxhall market share increase in 14 years. This market share increase was partially driven by the successful launches of the Opel Mokka, ADAM and Cascada during 2013. Our focus on successfully executing product launches and containing costs has in part contributed to significant year-over-year reduction in EBIT (loss)-adjusted.

In an effort to rationalize our manufacturing footprint in GME, we reached agreement with the labor union in Germany to terminate all vehicle and transmission production at our Bochum, Germany facility by the end of 2014. Affected employees will be eligible for a voluntary restructuring separation program. Restructuring charges will be recorded primarily through 2014. Refer to Note 19 to our consolidated financial statements for additional information.

GMIO

GMIO has sales, manufacturing and distribution operations in Asia/Pacific, the Middle East, Africa and Eastern Europe (including Russia and the other members of the Commonwealth of Independent States among others). GMIO represented 16.2% of our wholesale vehicle sales volume in 2013. The Asia/Pacific, Middle East and Africa region is our largest region by retail vehicle sales volume and represented 40.0% of our global retail vehicle sales volume in 2013. In 2013 we estimate we had the number two market share, based upon retail vehicle sales, in Asia/Pacific, Middle East and Africa at 9.5%. In 2013 we had market share of 14.3% in China. GMIO records the wholesale unit volume and financial results of Chevrolet brand vehicles that it distributes and sells in Europe. Our international operations' results were highlighted by our continued strength in China where we sold over 3 million vehicles. Our strength in the market was in part driven by the successful launches of the new Cadillac XTS, the refreshed Buick LaCrosse and Regal and certain Wuling branded vehicles, as well as continued strong sales of the Buick Encore and Buick Excelle. Our Buick brand continues to be our strongest brand in China with 810,000 vehicles sold in 2013 an increase of 16% from the prior year. In addition we have been making investments in our Cadillac brand in China which included a new assembly plant in Shanghai.

We are addressing many of the challenges in our GMIO operations and have performed strategic assessments on the performance and the manner in which we operate in certain countries. While we are continuing our strategic assessments we announced plans to discontinue offering mainstream Chevrolet vehicles in Europe in 2015 and recorded asset impairment and restructuring charges; announced plans to cease manufacturing at GM Holden Ltd., our subsidiary in Australia (Holden), and recorded asset impairment and restructuring charges; recorded asset impairment charges at General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively GM India) and impaired our remaining goodwill in GMIO. Refer to the "GM International Operations" section of MD&A and Notes 9, 10 and 19 to our consolidated financial statements for additional information.

Our GM Korea subsidiary has continuing litigation with more than 10,000 current and former employees over the definition of ordinary wages. As a result of the recent Supreme Court of the Republic of Korea's favorable decision on a very similar wage litigation case involving another company we now believe an unfavorable outcome on our case given the new precedent is no longer probable and we reversed certain accruals for our cases. Refer to Note 17 to our consolidated financial statements for additional information.

GMSA

GMSA has sales, manufacturing, distribution and/or financing operations in Brazil, Argentina, Colombia, Ecuador and Venezuela as well as sales and distribution operations in Bolivia, Chile, Paraguay, Peru and Uruguay. GMSA represented 16.4% of our wholesale vehicle sales volume in 2013. In 2013 GMSA derived 63.5% of its wholesale vehicle sales volume from Brazil. In 2013 we estimate we had the number one market share, based upon retail vehicle sales, in South America at 17.5% and the number three market share, based upon retail vehicle sales, in Brazil at 17.3%. Despite foreign currency pressures and challenging political environments across the region, our South American operations experienced continued profitability in 2013 that was driven in part by successful product launches including the Chevrolet Onix, Prisma and Tracker. We have further addressed our cost structure through restructuring efforts and multi-year labor agreements in Brazil.

Our Venezuelan operations highlight some of the foreign currency and political pressures. In 2013 the Venezuelan government announced a change in the official fixed exchange rate which resulted in devaluation charges during the year. In addition to currency controls already in place, the Venezuelan government announced pricing controls that, taken with other initiatives, require us to closely monitor and consider our ability to manage and control our Venezuelan subsidiaries. Refer to the "GM South America" section of MD&A for additional information.

Corporate

We continue to focus on strengthening our balance sheet. Initiatives during 2013 included lowering our cost of capital and increased financial flexibility by issuing $4.5 billion in aggregate principal amount of senior unsecured notes. We used proceeds from the issuance to prepay notes issued to the Canadian Health Care Trust (HCT) and to purchase 120 million shares of our Series A Preferred Stock from the New VEBA. Refer to Notes 14 and 21 to our consolidated financial statements for additional information.

As part of an effort to release capital from non-core assets and further enhance our financial flexibility we sold our common equity ownership in Ally Financial and our seven percent equity interest in Peugeot S.A. (PSA) held by GME. Refer to Notes 5 and 12 to our consolidated financial statements for additional information.

The United States Treasury divested its remaining ownership stake in our common stock. Also, all of our shares of Series B Preferred Stock mandatorily converted into 137 million shares of our common stock and will result in future annual cash preferred stock dividend savings. Refer to Note 21 to our consolidated financial statements for additional information.

Through ongoing discussions with taxing authorities we remeasured an uncertain tax position resulting in a tax benefit that will reduce future cash taxes.

Our collective actions during 2013 have helped us achieve investment grade status with a rating agency and we were added to the Standard & Poor's (S&P) 500.

Automotive Outlook

We anticipate the 2014 global automotive industry to be up approximately 2% over 2013 or about 85 million vehicles. For 2014 we expect our biggest challenges will be associated with unfavorable foreign currency pressures and planned global restructuring charges of up to $1.1 billion. However we expect to substantially offset these challenges with favorable pricing and by leveraging our continued strength in North America and China. We continue to progress toward our target of mid- to high-single digit margins for mid-decade and expect our 2014 EBIT-adjusted margins to be comparable to 2013. We are also committed to returning capital to our common stockholders and in January 2014 our Board of Directors declared a dividend on common stock in the amount of $0.30 per share payable in March 2014.

Automotive Financing — GM Financial

GM Financial purchases automobile finance contracts originated by GM and non-GM franchised and select independent dealers in connection with the sale of used and new automobiles. GM Financial also offers a lease financing product for new GM vehicles and a commercial lending program for GM-franchised dealerships. GM Financial's lending products in North America are primarily offered to consumers who typically are unable to obtain financing from traditional sources such as banks and credit unions. GM Financial utilizes a proprietary credit scoring system to differentiate credit applications and to statistically rank-order credit risk in terms of expected default rates, which enables it to evaluate credit applications for approval and tailor loan and lease pricing and structure. GM Financial services its loan and lease portfolios at regional centers using automated servicing and collection systems. Funding for our auto finance activities is primarily obtained through the utilization of our credit facilities and through securitization transactions.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire Ally Financial's automotive finance and financial services businesses in Europe and Latin America and Ally Financial's equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC) that conducts automotive finance and financial services operations in China. The acquisitions will allow GM Financial to support our dealers in markets comprising approximately 80% of our global sales. In the year ended December 31, 2013 GM Financial completed the acquisitions of the operations in Europe and Latin America for $3.3 billion. GM Financial's acquisition of Ally Financial's equity interest in GMAC-SAIC is subject to certain regulatory and other approvals and is expected to close in 2014 for approximately $0.9 billion. Refer to Note 3 to our consolidated financial statements for additional information on these acquisitions.

Consolidated Results

Total Net Sales and Revenue
(Dollars in Millions)

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Automotive	$ 152,092	$ 150,295	$ 1,797	1.2%	$ (0.2)	$ 1.7	$ 2.2	$ (1.9)	$ 1.8
GM Financial	3,335	1,961	1,374	70.1%	—	—	—	1.4	1.4
Total net sales and revenue	$ 155,427	$ 152,256	$ 3,171	2.1%	$ (0.2)	$ 1.7	$ 2.2	$ (0.5)	$ 3.2

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Automotive	$ 150,295	$ 148,866	$ 1,429	1.0%	$ 2.1	$ 3.0	$ 1.6	$ (5.3)	$ 1.4
GM Financial	1,961	1,410	551	39.1%	—	—	—	0.6	0.6
Total net sales and revenue	$ 152,256	$ 150,276	$ 1,980	1.3%	$ 2.1	$ 3.0	$ 1.6	$ (4.7)	$ 2.0

In the year ended December 31, 2013 Automotive Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing effect due primarily to GMNA of $1.9 billion; (2) favorable vehicle mix due primarily to GMNA of $1.3 billion and GMSA of $0.6 billion; partially offset by (3) Other of $1.9 billion due primarily to unfavorable net foreign currency effect of $2.3 billion due from the weakening of the Brazilian Real, Argentinian Peso and Venezuela Bolivar Fuerte against the U.S. Dollar; partially offset by increased other revenue of $0.4 billion due primarily to increases in OnStar, LLC and parts and accessories revenue; and (4) decreased wholesale volumes.

In the year ended December 31, 2013 GM Financial Total sales and revenue increased due primarily to: (1) increased finance charge income of $1.0 billion due to growth in the portfolio resulting from the acquisition of Ally Financial's international operations and increased originations; and (2) increased leased vehicle income of $0.3 billion due to the increased size of the leased asset portfolio.

In the year ended December 31, 2012 Automotive Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due primarily to GMSA of $1.6 billion, GMNA of $0.7 billion and GME of $0.4 billion; (2) increased wholesale volumes due primarily to GMNA of $3.8 billion and GMIO of $1.4 billion; partially offset by decreases in GME of $2.4 billion and GMSA of $0.6 billion; (3) favorable vehicle pricing effect due primarily to GMIO of $0.8 billion, GMNA of $0.5 billion and GMSA of $0.5 billion; partially offset by (4) Other of $5.3 billion due primarily to unfavorable net foreign currency effect of $3.7 billion due primarily to the weakening of the Brazilian Real, Euro, Korean Won, Argentinian Peso and South African Zar against the U.S. Dollar; decreased revenues from powertrain and parts sales of $0.7 billion due to decreased volumes; reduction in favorable lease residual adjustments of $0.5 billion; decreased revenues from rental car leases of $0.2 billion; and decreased revenues due to the deconsolidation of VM Motori (VMM) in June 2011 of $0.1 billion.

In the year ended December 31, 2012 GM Financial Total sales and revenue increased due primarily to: (1) increased finance charge income of $0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of $0.2 billion due to the increased size of the leased asset portfolio.

Automotive Cost of Sales

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To			
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Other	Total
	(Dollars in millions)				(Dollars in billions)			
Automotive cost of sales	$ 134,925	$ 140,236	$ 5,311	3.8%	$ 0.3	$ (2.3)	$ 7.3	$ 5.3
Automotive gross margin	$ 17,167	$ 10,059	$ 7,108	70.7%				

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To			
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Other	Total
	(Dollars in millions)				(Dollars in billions)			
Automotive cost of sales	$ 140,236	$ 130,386	$ (9,850)	(7.6)%	$ (0.9)	$ (3.8)	$ (5.2)	$ (9.9)
Automotive gross margin	$ 10,059	$ 18,480	$ (8,421)	(45.6)%				

The most significant element of our Automotive cost of sales is material cost which makes up approximately two-thirds of the total amount excluding adjustments. The remaining portion includes labor costs, depreciation and amortization, engineering, and policy, product warranty and recall campaigns.

In the year ended December 31, 2013 Automotive cost of sales decreased due primarily to: (1) Other of $7.3 billion due to decreased impairment charges of $2.8 billion for long-lived assets and intangible assets; decreased pension settlement losses of $2.5 billion; the favorable effect of $1.3 billion resulting from the reversal of the Korea wage litigation accrual in 2013 compared to accruals related to the litigation in 2012; favorable net foreign currency effect of $0.9 billion due primarily to the weakening of the Brazilian Real against the U.S. Dollar; and reduction in unfavorable warranty and policy adjustments of $0.7 billion; partially offset by increased material and freight costs of $0.4 billion; increased costs of $0.2 billion related to parts and accessories sales; and net increased manufacturing expenses of $0.1 billion due primarily to new launch costs offset by reduced depreciation and amortization; (2) decreased costs related to decreased wholesale volumes; partially offset by (3) unfavorable vehicle mix due primarily to GMNA of $1.3 billion, GMSA of $0.4 billion and GMIO of $0.4 billion.

In the year ended December 31, 2012 Automotive cost of sales increased due primarily to: (1) Other of $5.2 billion due primarily to increased employee costs of $4.1 billion including increased pension settlement losses and decreased net pension and other postretirement benefits (OPEB) income and separation costs; impairment charges of $3.7 billion for long-lived assets and intangible assets; increased manufacturing expense of $1.4 billion due to new launches; increased policy and product warranty expense of $0.2 billion; partially offset by favorable net foreign currency effect of $3.3 billion due primarily to the weakening of the Brazilian Real, Euro, Korean Won, Argentinian Peso and South African Zar against the U.S. Dollar; decreased engineering expense of $0.5 billion; decreased costs of $0.3 billion related to powertrain and parts sales; and decreased costs of $0.1 billion due to the deconsolidation of VMM in June 2011; (2) unfavorable vehicle mix due primarily to GMNA of $1.3 billion, GMSA of $1.2 billion and GME of $0.8 billion; and (3) increased costs related to increased wholesale volumes due primarily to GMNA of $2.7 billion; partially offset by a decrease in GME of $1.9 billion.

GM Financial Operating and Other Expenses

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
GM Financial operating and other expenses	$ 2,448	$ 1,207	$ 785	$ 1,241	102.8%	$ 422	53.8%

In the year ended December 31, 2013 GM Financial operating and other expenses increased primarily due to: (1) an increase in interest expense of $0.4 billion due to higher average debt outstanding in 2013 compared to 2012, primarily resulting from the acquisition of Ally Financial's international operations; (2) an increase in employee and other operating costs of $0.4 billion due primarily to the acquisition of Ally Financial's international operations and an increase in headcount; (3) an increase in the provision for loan losses of $0.2 billion due primarily to growth of the consumer loan portfolio; and (4) an increase in depreciation expense of $0.2 billion due primarily to the increased size of the leased asset portfolio.

In the year ended December 31, 2012 GM Financial operating and other expenses increased primarily due to: (1) an increase in depreciation expense of $0.1 billion due to the increased size of the leased asset portfolio; (2) an increase in the provision for loan losses of $0.1 billion due primarily to growth of the consumer loan portfolio; (3) an increase in interest expense of $0.1 billion due to higher average debt outstanding in 2012 compared to 2011; and (4) an increase in employee costs of $0.1 billion due primarily to a 9% increase in employee headcount to support growth in GM Financial's business.

Automotive Selling, General and Administrative Expense

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Automotive selling, general and administrative expense	$ 12,382	$ 14,031	$ 12,163	$ (1,649)	(11.8)%	$ 1,868	15.4%

In the year ended December 31, 2013 Automotive selling, general and administrative expense decreased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of $1.8 billion that occurred in 2012 but not in 2013; and (2) a premium paid of $0.4 billion on the common stock purchase from the UST that occurred in 2012 but not in 2013; partially offset by (3) costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe of $0.5 billion.

In the year ended December 31, 2012 Automotive selling, general and administrative expense increased due primarily to: (1) impairment charges in GME for intangibles and long-lived assets of $1.8 billion; and (2) a premium paid of $0.4 billion on the common stock purchase from the UST; partially offset by (3) favorable net foreign currency effect of $0.3 billion due to the weakening of certain currencies against the U.S. Dollar.

Goodwill Impairment Charges

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Goodwill impairment charges	$ 541	$ 27,145	$ 1,286	$ (26,604)	(98.0)%	$ 25,859	n.m.

n.m. = not meaningful

In the year ended December 31, 2013 Goodwill impairment charges decreased as we recorded charges of $0.5 billion in GMIO in 2013 as compared to charges of $26.4 billion, $0.6 billion and $0.2 billion in GMNA, GME and GMIO in 2012. Refer to Note 10 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

In the year ended December 31, 2012 the Goodwill impairment charges increased as we recorded charges of $26.4 billion, $0.6 billion and $0.2 billion in GMNA, GME and GMIO in 2012 as compared to charges of $1.0 billion and $0.3 billion in GME and GMIO in 2011. Refer to Note 10 to our consolidated financial statements for additional information related to our Goodwill impairment charges.

Automotive Interest Expense

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Automotive interest expense	$ 334	$ 489	$ 540	$ (155)	(31.7)%	$ (51)	(9.4)%

In the year ended December 31, 2013 Automotive interest expense decreased due primarily to the redemption of GM Korea's preferred shares in December 2012 and April 2013.

In the year ended December 31, 2012 the decrease in Automotive interest expense was insignificant, as the composition of our debt and related interest rates did not change significantly compared to 2011.

Interest Income and Other Non-Operating Income, net

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Interest income and other non-operating income, net	$ 1,063	$ 845	$ 851	$ 218	25.8%	$ (6)	(0.7)%

In the year ended December 31, 2013 Interest income and other non-operating income, net increased due primarily to: (1) a gain of $0.5 billion related to the sale of our Ally Financial investment in 2013; and (2) favorable effect of $0.4 billion due to a $0.2 billion gain on the sale of the PSA stock in 2013 compared to a $0.2 billion impairment charge in 2012; partially offset by (3) unfavorable $0.2 billion foreign currency effect related to intercompany foreign currency denominated loans; (4) decreased insurance recoveries of $0.1 billion; (5) decreased interest income of $0.1 billion; (6) decreased gain on the sale of machinery and equipment of $0.1 billion; and (7) unfavorable effect of $0.1 billion gain on the purchase of GMAC de Venezuela in 2012 that did not occur in 2013.

In the year ended December 31, 2012 Interest income and other non-operating income, net remained flat due primarily to: (1) a gain of $0.3 billion related to the sale of our Ally Financial preferred stock in 2011 which did not recur in 2012; (2) an impairment charge of $0.2 billion related to our investment in PSA; (3) a charge of $0.1 billion to record General Motors Strasbourg S.A.S. (GMS) assets and liabilities to estimated fair value; (4) decreased interest income of $0.1 billion; and (5) derivative losses of $0.1 billion related to fair value adjustments; offset by (6) an impairment charge of $0.6 billion related to our investment in Ally Financial common stock in 2011 which did not recur in 2012; and (7) income related to insurance recoveries of $0.2 billion.

Gain (Loss) on Extinguishment of Debt

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Gain (loss) on extinguishment of debt	$ (212)	$ (250)	$ 18	$ 38	15.2%	$ (268)	n.m.

n.m. = not meaningful

In the years ended December 31, 2013 and December 31, 2012 we recorded losses on extinguishment of debt primarily related to the early redemption of the GM Korea redeemable preferred shares.

Equity Income and Gain on Investments

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
China joint ventures (China JVs)	$ 1,763	$ 1,521	$ 1,511	$ 242	15.9%	$ 10	0.7%
New Delphi (including gain on disposition)	—	—	1,727	—	n.m.	(1,727)	n.m.
Others	47	41	(46)	6	14.6%	87	n.m.
Total equity income and gain on investments	$ 1,810	$ 1,562	$ 3,192	$ 248	15.9%	$ (1,630)	(51.1)%

n.m. = not meaningful

In the year ended December 31, 2013 Equity income and gain on investments increased due primarily to a $0.2 billion increase in earnings of our China JVs.

In the year ended December 31, 2012 Equity income and gain on investments decreased due primarily to a $1.6 billion gain related to the sale of our Delphi Automotive LLP (New Delphi) Class A Membership Interests and related equity income for the year ended December 31, 2011 that did not recur for the year ended December 31, 2012.

Income Tax Expense (Benefit)

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Income tax expense (benefit)	$ 2,127	$ (34,831)	$ (110)	$ 36,958	n.m.	$ (34,721)	n.m.

n.m. = not meaningful

In the year ended December 31, 2013 our effective tax rate was 28.5%. Income tax expense increased due primarily to the deferred tax asset valuation allowance reversal of $36.3 billion in the U.S. and Canada that occurred in 2012.

In the year ended December 31, 2012 income tax benefit increased due primarily to: (1) deferred tax asset valuation allowance reversals of $36.3 billion in the U.S. and Canada in 2012 as compared to $0.5 billion in Australia in 2011; and (2) change in U.S. federal tax elections which permitted us to record a tax benefit of $1.1 billion related to foreign tax credits; partially offset by (3) current year U.S. income tax provision of $1.4 billion; and (4) income tax allocation from Accumulated other comprehensive loss to Income tax expense (benefit) of $0.6 billion related to the U.S. salary pension plan.

Refer to Note 18 to our consolidated financial statements for additional information related to our income tax expense (benefit).

Reconciliation of Consolidated, Automotive and GM Financial Segment Results

Non-GAAP Measures

Management believes earnings before interest and tax (EBIT)-adjusted provides meaningful supplemental information regarding our automotive segments' operating results because it excludes interest income, interest expense and income taxes as well as certain additional adjustments. Such adjustments include impairment charges related to goodwill, other long-lived assets under certain circumstances and certain investments, gains or losses on the settlement/extinguishment of obligations and gains or losses on the sale of non-core investments.

Management believes free cash flow and adjusted free cash flow provide meaningful supplemental information regarding the liquidity of our automotive operations and our ability to generate sufficient cash flow above those required in our business to sustain our operations. We measure free cash flow as cash flow from operations less capital expenditures. We measure adjusted free cash flow as free cash flow adjusted for management actions, primarily related to strengthening our balance sheet, such as accrued interest on prepayments of debt and voluntary contributions to employee benefit plans.

Management believes these measures allow it to readily view operating trends, perform analytical comparisons and benchmark performance between periods and among geographic regions. We believe these non-GAAP measures are useful in allowing for greater transparency of our core operations and are therefore used by management in its financial and operational decision-making. Management does not consider the excluded items when assessing and measuring the operational and financial performance of the organization, its management teams and when making decisions to allocate resources, such as capital investment, among business units and for internal reporting and as part of its forecasting and budgeting processes.

While management believes that these non-GAAP measures provide useful information, they are not operating measures under U.S. GAAP and there are limitations associated with their use. Our calculation of these non-GAAP measures may not be comparable to similarly titled measures of other companies due to potential differences between companies in the method of calculation. As a result the use of these non-GAAP measures has limitations and should not be considered in isolation from, or as a substitute for, other measures such as Net income, Net income attributable to stockholders or operating cash flow. Due to these limitations, these non-GAAP measures are used as supplements to U.S. GAAP measures.

Management believes income before income taxes provides meaningful supplemental information regarding GM Financial's operating results. GM Financial uses a separate measure from our automotive operations because management believes interest income and interest expense are part of operating results when assessing and measuring the operational and financial performance of the segment.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following tables summarize the reconciliation of our automotive segments EBIT-adjusted and GM Financial's income before income taxes to Net income attributable to stockholders and provides supplemental detail of the adjustments, which are presented net of noncontrolling interests (dollars in millions):

	Years Ended December 31,					
	2013		2012		2011	
Automotive						
EBIT-adjusted						
GMNA	$ 7,461	97.1%	$ 6,470	90.9%	$ 6,779	88.2%
GME	(844)	(11.0)%	(1,939)	(27.2)%	(1,041)	(13.6)%
GMIO	1,230	16.0%	2,528	35.5%	2,232	29.1%
GMSA	327	4.3%	457	6.4%	158	2.1%
Corporate and eliminations	(494)	(6.4)%	(400)	(5.6)%	(446)	(5.8)%
Total automotive EBIT-adjusted	7,680	100.0%	7,116	100.0%	7,682	100.0%
Adjustments	(790)		(36,106)		861	
Corporate interest income	249		343		455	
Automotive interest expense	338		489		540	
Loss on extinguishment of debt	212		250		—	
Automotive Financing						
GM Financial income before income taxes	898		744		622	
Adjustments	(15)		—		—	
Consolidated						
Eliminations	1		(1)		—	
Income tax expense (benefit)	2,127		(34,831)		(110)	
Net income attributable to stockholders	$ 5,346		$ 6,188		$ 9,190	

Our automotive operations interest and income taxes are recorded centrally in Corporate; therefore, there are no reconciling items for our automotive operating segments between EBIT-adjusted and Net income attributable to stockholders.

	Year Ended December 31, 2013					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Impairment charges of property and intangible assets	$ —	$ —	$ (774)	$ —	$ —	$ (774)
Costs related to our plans to cease mainstream distribution of Chevrolet brand in Europe	—	—	(621)	—	—	(621)
Reversal of GM Korea wage litigation accrual	—	—	577	—	—	577
Gain on sale of equity investment in Ally Financial	—	—	—	—	483	483
Goodwill impairment charges	—	—	(442)	—	—	(442)
Venezuela currency devaluation	—	—	—	(162)	—	(162)
Gain on sale of equity investment in PSA	—	152	—	—	—	152
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	67	—	—	67
Pension settlement charges	(56)	—	—	—	—	(56)
Charges related to PSA product development agreement	(49)	—	—	—	—	(49)
Income related to insurance recoveries	5	1	24	5	—	35
Total adjustments to automotive EBIT	$ (100)	$ 153	$ (1,169)	$ (157)	$ 483	$ (790)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

	Year Ended December 31, 2012					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Goodwill impairment charges	$ (26,399)	$ (590)	$ (132)	$ —	$ —	$ (27,121)
Impairment charges of property	—	(3,714)	—	—	—	(3,714)
Pension settlement charges	(2,662)	—	—	—	—	(2,662)
Impairment charges of intangible assets	—	(1,755)	—	—	—	(1,755)
Premium paid to purchase our common stock from the UST	—	—	—	—	(402)	(402)
GM Korea wage litigation accrual	—	—	(336)	—	—	(336)
Impairment charge related to investment in PSA	—	(220)	—	—	—	(220)
Income related to insurance recoveries	9	7	112	27	—	155
Charge to record GMS assets and liabilities to estimated fair value	—	(119)	—	—	—	(119)
Noncontrolling interests related to redemption of the GM Korea mandatorily redeemable preferred shares	—	—	68	—	—	68
Total adjustments to automotive EBIT	$ (29,052)	$ (6,391)	$ (288)	$ 27	$ (402)	$ (36,106)

	Year Ended December 31, 2011					
	GMNA	GME	GMIO	GMSA	Corporate	Total
Gain on sale of our New Delphi Class A Membership Interests	$ 1,645	$ —	$ —	$ —	$ —	$ 1,645
Goodwill impairment charges	—	(1,016)	(258)	—	—	(1,274)
Gain related to HCT settlement	749	—	—	—	—	749
Impairment related to Ally Financial common stock	—	—	—	—	(555)	(555)
Gain on sale of Ally Financial preferred stock	—	—	—	—	339	339
Charges related to GM India	—	—	(106)	—	—	(106)
Gain on extinguishment of debt	—	—	—	63	—	63
Total adjustments to automotive EBIT	$ 2,394	$ (1,016)	$ (364)	$ 63	$ (216)	$ 861

GM North America

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 95,099	$ 89,910	$ 5,189	5.8%	$ 1.7	$ 1.3	$ 1.9	$ 0.3	$ 5.2
EBIT-adjusted	$ 7,461	$ 6,470	$ 991	15.3%	$ 0.5	$ —	$ 1.9	$ (1.4)	$ 1.0
	(Vehicles in thousands)								
Wholesale vehicle sales	3,276	3,207	69	2.2%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 89,910	$ 85,991	$ 3,919	4.6%	$ 3.8	$ 0.7	$ 0.5	$ (1.1)	$ 3.9
EBIT-adjusted	$ 6,470	$ 6,779	$ (309)	(4.6)%	$ 1.1	$ (0.6)	$ 0.5	$ (1.3)	$ (0.3)
	(Vehicles in thousands)								
Wholesale vehicle sales	3,207	3,053	154	5.0%					

GMNA Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue increased due primarily to: (1) favorable vehicle pricing related to recent vehicle launches such as Chevrolet Silverado and GMC Sierra; (2) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Encore, Cadillac ATS, Chevrolet Silverado, Chevrolet Spark, and GMC Sierra; and (3) favorable vehicle mix related to improving market segments containing higher revenue vehicles including crossovers and trucks.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) increased wholesale volumes due to increased industry demand and successful recent vehicle launches such as the Buick Verano, Cadillac ATS, Cadillac XTS, Chevrolet Sonic and Chevrolet Spark; (2) favorable vehicle mix due to increases in Cadillac ATS, Cadillac XTS, Chevrolet Silverado and GMC Sierra; and (3) favorable vehicle pricing related to recent vehicle launches such as Chevrolet Malibu, Chevrolet Traverse, GMC Acadia and Buick Enclave; partially offset by (4) Other of $1.1 billion due primarily to reduction in favorable lease residual adjustments of $0.5 billion; and unfavorable net foreign currency effect of $0.2 billion due to the weakening of the Canadian Dollar (CAD) and Mexican Peso against the U.S. Dollar.

GMNA EBIT-Adjusted

The most significant factors which influence GMNA's profitability are industry volume (primarily U.S. seasonally adjusted annual rate) and market share. While not as significant as industry volume and market share, another factor affecting profitability is the relative mix of vehicles (cars, trucks, crossovers) sold. Variable profit is a key indicator of product profitability. Variable profit is defined as revenue less material cost, freight, the variable component of manufacturing expense, and policy and warranty expense. Vehicles with higher selling prices generally have higher variable profit. Trucks sold in the U.S. currently have a variable profit of approximately 160% of our portfolio on a weighted-average basis. Crossover vehicles' variable profits are in line with the overall portfolio on a weighted-average basis, and cars are approximately 50% of the portfolio on a weighted-average basis.

In the year ended December 31, 2013 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing; and (2) increased wholesale volumes; partially offset by (3) unfavorable Other of $1.4 billion primarily due to increased material and freight costs including new launches of $1.1 billion; increased manufacturing expense, including new launches, of $0.3 billion; increased engineering expense of $0.3 billion; and increased depreciation and amortization expense of $0.2 billion, partially offset by a reduction in unfavorable warranty and policy adjustments of $0.6 billion.

In the year ended December 31, 2012 EBIT-adjusted decreased due primarily to: (1) unfavorable vehicle mix due to increase in lower margin vehicles; and (2) Other of $1.3 billion due primarily to decreased U.S. pension income of $0.8 billion due to December 31, 2011 plan remeasurements; increased manufacturing expense, including new launches, of $0.6 billion; reduction in favorable lease residual adjustments of $0.5 billion; and unfavorable policy and warranty adjustments of $0.2 billion; partially offset by decreased engineering expense and other technology fees of $0.5 billion; and decreased material and freight costs of $0.4 billion. These were partially offset by: (3) increased net wholesale volumes; and (4) favorable vehicle pricing effect.

GM Europe

During the second half of 2011 and continuing into 2013, the European automotive industry has been severely affected by high unemployment and a lack of consumer confidence coupled with manufacturing overcapacity. European automotive industry sales to retail and fleet customers were 19 million vehicles in the year ended December 31, 2013, representing a 1.1% decrease compared to the corresponding period in 2012.

Outlook

We have formulated a plan and are implementing various actions to strengthen our operations and increase our competitiveness. The key areas include investments in our product portfolio, a revised brand strategy, significant management changes, reducing material, development and production costs, including restructuring activities. The success of our plan will depend on a combination of our ability to execute the actions contemplated, as well as external factors which are outside of our control. We believe it is likely that adverse economic conditions and their effect on the European automotive industry will not improve significantly in the near-term; however, we expect to break even in GME by mid-decade.

GME Total Net Sales and Revenue and EBIT (Loss)-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 20,110	$ 20,689	$ (579)	(2.8)%	$ (0.6)	$ —	$ (0.2)	$ 0.2	$ (0.6)
EBIT (loss)-adjusted	$ (844)	$ (1,939)	$ 1,095	(56.5)%	$ (0.1)	$ (0.2)	$ (0.2)	$ 1.6	$ 1.1
	(Vehicles in thousands)								
Wholesale vehicle sales	1,047	1,079	(32)	(3.0)%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 20,689	$ 25,154	$ (4,465)	(17.8)%	$ (2.4)	$ 0.4	$ (0.2)	$ (2.3)	$ (4.5)
EBIT (loss)-adjusted	$ (1,939)	$ (1,041)	$ (898)	86.3%	$ (0.5)	$ (0.4)	$ (0.2)	$ 0.2	$ (0.9)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,079	1,240	(161)	(13.0)%					

GME Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due to the weak European economy; and (2) unfavorable vehicle pricing primarily resulting from increased incentive support associated with difficult market conditions; partially offset by (3) Other of $0.2 billion due primarily to favorable net foreign currency effect.

In the year ended December 31, 2012 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volumes due to the weak European economy; (2) unfavorable price effects primarily resulting from increased incentive support associated with strong competition; and (3) Other of $2.3 billion due primarily to unfavorable net foreign currency effect of $1.7 billion resulting from the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira and British Pound; decreased parts, accessories and powertrain engine and transmission sales of $0.5 billion associated with lower demand; and a decrease of $0.1 billion due to the deconsolidation of VMM in June 2011; partially offset by (4) favorable vehicle mix due to the new generation Astra GTC, Opel Mokka and Ampera and increased sales of other higher priced vehicles.

GME EBIT (Loss)-Adjusted

In the year ended December 31, 2013 EBIT (loss)-adjusted decreased due primarily to: (1) Other of $1.6 billion due primarily to decreased manufacturing costs of $0.7 billion mainly resulting from decreased depreciation expense because of asset impairments in December 2012, which decreased the depreciable base; decreased engineering expenses of $0.3 billion; favorable material and freight costs of $0.3 billion; and a favorable net effect of changes in the fair value of an embedded foreign currency derivative asset of $0.2 billion associated with a long-term supply agreement; partially offset by (2) unfavorable net vehicle mix due to lower proportion of higher priced vehicles; (3) unfavorable vehicle pricing; and (4) decreased wholesale volumes.

In the year ended December 31, 2012 EBIT (loss)-adjusted increased due primarily to: (1) decreased wholesale volumes; (2) unfavorable net vehicle mix; and (3) unfavorable price effects; partially offset by (4) Other of $0.2 billion due primarily to lower manufacturing and material costs of $0.4 billion; and favorable net foreign currency effect of $0.1 billion resulting from the strengthening of the U.S. Dollar against the Euro, Russian Ruble, Hungarian Forint, Turkish Lira, and British Pound; partially offset by a decrease of $0.2 billion resulting from the net effect of changes in an embedded foreign currency derivative asset associated with a long-term supply agreement; and decreased parts, accessories and powertrain engine and transmission sales of $0.2 billion, associated with lower demand.

GM International Operations

We have strategically assessed the manner in which we operate in certain countries within GMIO, including our cost structure, the level of local sourcing, the level of investment in the product portfolio, the allocation of production activity to the existing manufacturing base and our brand strategy. These strategic reviews considered the effects that recent and forecasted deterioration in local market conditions would have on our operations. While we are continuing our strategic assessments, we have taken certain actions and incurred impairment and other charges as detailed below.

Withdrawal of the Chevrolet Brand from Europe

In December 2013 we announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe in 2015 due to the challenging business model and difficult economic situation in Europe. The results of our Chevrolet operations in Western and Central Europe, which are subsidiaries of our GM Korea operations, are reflected in the financial results of our GMIO region. This action is expected to improve our European operations through a further strengthening of our Opel and Vauxhall brands and reduce the market complexity associated with both Opel and Chevrolet products in Western and Central Europe. In the three months ended December 31, 2013 we recorded pre-tax charges of $0.6 billion, net of noncontrolling interests of 23.0%, consisting of intangible asset impairment charges, dealer restructuring costs, sales incentive and inventory related costs and employee severance and other costs. We may incur additional charges of up to $0.3 billion through the first half of 2014 primarily for dealer restructuring costs and sales incentives. Refer to Note 19 of our consolidated financial statements for additional information.

Holden

In December 2013 we announced plans to cease vehicle and engine manufacturing and significantly reduce engineering operations at Holden by the end of 2017. Holden will continue to sell imported vehicles through its Holden dealer network and maintain its global design studio. Our Australian operations have been subject to unfavorable market conditions including the sustained strength of the Australian dollar, high cost of production and a small but highly competitive and fragmented domestic automotive market. In the three months ended December 31, 2013 we recorded pre-tax charges of $0.5 billion consisting of asset impairment charges including property, plant and equipment and exit-related costs including certain employee severance related costs. We expect to incur additional charges through 2017 for incremental future cash payments of employee severance once negotiations of the amount are completed. Refer to Note 19 of our consolidated financial statements for additional information.

GM India

In the three months ended December 31, 2013 we performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. As a result we recorded pre-tax asset impairment charges of $0.3 billion, net of noncontrolling interests of 9.2%, to adjust the carrying amount of GM India's real and personal property, Intangible assets, net and Goodwill. Our strategic assessment also outlines planned actions requiring additional future investments and modifications to our existing GM India business model that are needed to reach profitability in the medium to long-term. There are no assurances that the forecasted financial results outlined in the strategic assessment will be achieved. Refer to Note 9 of our consolidated financial statements for additional information.

Goodwill Impairment Charges

We recorded Goodwill impairment charges of $0.5 billion in the year ended December 31, 2013 primarily related to our GM Korea and GM India reporting units.

Focus on Chinese Market

We view the Chinese market as important to our global growth strategy and are employing a multi-brand strategy, led by our Buick and Chevrolet brands. In the coming years, we plan to increasingly leverage our global architectures to increase the number of nameplates under the Buick, Chevrolet and Cadillac brands in China and continue to grow our business under the Baojun, Jiefang and Wuling brands. We operate in the Chinese market through a number of joint ventures and maintaining good relations with our joint venture partners, which are affiliated with the Chinese government, is an important part of our China growth strategy.

The following tables summarize certain key operational and financial data for the China JVs (dollars in millions, vehicles in thousands):

	Years Ended December 31,		
	2013	2012	2011
Total wholesale vehicles (a)	3,239	2,909	2,573
Market share	14.3%	14.6%	13.6%
Total net sales and revenue	$ 38,767	$ 33,364	$ 30,511
Net income	$ 3,685	$ 3,198	$ 3,203

(a) Including vehicles exported to markets outside of China.

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 6,606	$ 5,522
Debt	$ 151	$ 123

GMIO Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 20,263	$ 22,954	$ (2,691)	(11.7)%	$ (1.3)	$ (0.1)	$ (0.5)	$ (0.8)	$ (2.7)
EBIT-adjusted	$ 1,230	$ 2,528	$ (1,298)	(51.3)%	$ (0.3)	$ (0.5)	$ (0.3)	$ (0.2)	$ (1.3)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,037	1,109	(72)	(6.5)%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 22,954	$ 21,031	$ 1,923	9.1%	$ 1.4	$ 0.3	$ 0.8	$ (0.6)	$ 1.9
EBIT-adjusted	$ 2,528	$ 2,232	$ 296	13.3%	$ 0.5	$ (0.1)	$ 0.8	$ (0.9)	$ 0.3
	(Vehicles in thousands)								
Wholesale vehicle sales	1,109	1,039	70	6.7%					

GMIO Total Net Sales and Revenue

The vehicle sales of our China JVs and of GM India prior to September 1, 2012, the date we consolidated GM India, are not recorded in Total net sales and revenue. The results of our nonconsolidated joint ventures are recorded in Equity income and gain on investments. Refer to Notes 3 and 8 to our consolidated financial statements for further detail on the acquisition of GM India.

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) decreased wholesale volume of 129,000 vehicles (or 11.6%) primarily in Middle East and Chevrolet brand vehicles in Europe partially offset by an increase from the consolidation of GM India effective September 2012 resulting in an additional 57,000 wholesale vehicle sales (or 5.0%) in 2013; (2) unfavorable pricing due to increased incentive support associated with strong competition; (3) unfavorable vehicle mix; and (4) Other of $0.8 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Australian Dollar, the South Africa Rand and the Egyptian Pound against the U.S. Dollar of $0.5 billion and decreased sales of components, parts and accessories of $0.3 billion.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) increased wholesale volume of 41,000 vehicles (of 4.0%) due primarily to strong industry growth across the region; coupled with an increase from the consolidation of GM India effective September 2012 resulting in an inclusion of 29,000 wholesale vehicle sales (or 2.8%); (2) favorable pricing due to higher pricing on new models launched; and (3) favorable vehicle mix due to increased export of new product; partially offset by (4) Other of $0.6 billion due primarily to unfavorable net foreign currency effect due to the weakening of the Korean Won and South Africa Rand against the U.S. Dollar of $0.5 billion; and decrease in components, parts and accessories revenue of $0.1 billion.

GMIO EBIT-Adjusted

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) unfavorable net vehicle mix primarily in Middle East and Australian markets; (2) unfavorable pricing excluding $0.2 billion sales incentive related to withdrawal of the Chevrolet brand from Europe; (3) unfavorable net wholesale volumes; and (4) Other of $0.2 billion due primarily to unfavorable manufacturing costs of $0.3 billion; unfavorable net foreign currency effect of $0.2 billion; and a decrease in sales of components, parts and accessories of $0.2 billion; partially offset by favorable material and freight cost of $0.3 billion; and increased equity income, net of tax of $0.2 billion, from our interest in the increased net income of our China JVs.

In the year ended December 31, 2012 EBIT-adjusted increased due primarily to: (1) favorable pricing due to higher pricing on new models launched; and (2) favorable net wholesale volumes; partially offset by (3) unfavorable net vehicle mix; and (4) Other of $0.9 billion due primarily to increased costs of $1.0 billion due primarily to increased material, freight and manufacturing costs; partially offset by net gain of $0.1 billion measured as the difference between the fair value of our 50% interest in GM India and the investment carrying amount at the date of acquisition.

GM South America

Venezuelan Operations

Our Venezuelan subsidiaries functional currency is the U.S. Dollar because of the hyperinflationary status of the Venezuelan economy.

Effective February 13, 2013 the Venezuelan government set the official fixed exchange rate of the Bolivar Fuerte (BsF) at BsF 6.3 to $1.00 from BsF 4.3 to $1.00. The devaluation resulted in a charge of $0.2 billion in the three months ended March 31, 2013 from the remeasurement of our Venezuelan subsidiaries' non-U.S. Dollar denominated monetary assets and liabilities. We believe it is possible that the Venezuelan government may further devalue the BsF against the U.S. Dollar in the future. If the BsF were devalued further, it would result in a charge to our income statement in the period of devaluation. Based on our December 31, 2013 net monetary assets, a charge of approximately $0.1 billion would result for every 10% devaluation of the BsF.

In December 2013 a new decree became effective requiring the government of Venezuela to set prices for all vehicles, parts and accessories sold in the country. In addition the Venezuelan government has foreign exchange control regulations that make it difficult to convert BsF to U.S. Dollars which affect our Venezuelan subsidiaries' ability to pay non-BsF denominated obligations and to pay dividends. In January 2014 the Venezuelan government announced changes to the foreign exchange process which could affect the rate at which our Venezuelan subsidiaries buy dollars. These regulations, when considered with other governmental policies impacting labor force reductions and other circumstances in Venezuela, may limit our ability to fully benefit from and maintain our controlling financial interest in our Venezuelan subsidiaries. The financial impact on our operations in Venezuela of these events and associated ongoing restrictions are uncertain.

The total amounts pending government approval for settlement in U.S. Dollar at December 31, 2013 and 2012 were BsF 3.7 billion (equivalent to $0.6 billion) and BsF 2.2 billion (equivalent to $0.5 billion). These amounts include requests in the amount of BsF 0.6 billion (equivalent to $0.1 billion) that have been pending from 2007. Our Venezuelan subsidiaries net assets were $0.9 billion at December 31, 2013, including net monetary assets of $1.0 billion. At December 31, 2013 other consolidated entities had receivables from our Venezuelan subsidiaries denominated in other currencies of $0.5 billion.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

GMSA Total Net Sales and Revenue and EBIT-Adjusted

	Years Ended December 31,		Year Ended 2013 vs. 2012 Change		Variance Due To				
	2013	2012	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 16,478	$ 16,700	$ (222)	(1.3)%	$ —	$ 0.6	$ 0.9	$ (1.7)	$ (0.2)
EBIT-adjusted	$ 327	$ 457	$ (130)	(28.4)%	$ —	$ 0.3	$ 0.9	$ (1.3)	$ (0.1)
	(Vehicles in thousands)								
Wholesale vehicle sales	1,053	1,050	3	0.3%					

	Years Ended December 31,		Year Ended 2012 vs. 2011 Change		Variance Due To				
	2012	2011	Favorable/ (Unfavorable)	%	Volume	Mix	Price	Other	Total
	(Dollars in millions)				(Dollars in billions)				
Total net sales and revenue	$ 16,700	$ 16,632	$ 68	0.4%	$ (0.6)	$ 1.6	$ 0.5	$ (1.4)	$ 0.1
EBIT-adjusted	$ 457	$ 158	$ 299	189.2%	$ (0.2)	$ 0.4	$ 0.5	$ (0.4)	$ 0.3
	(Vehicles in thousands)								
Wholesale vehicle sales	1,050	1,090	(40)	(3.7)%					

n.m. = not meaningful

GMSA Total Net Sales and Revenue

In the year ended December 31, 2013 Total net sales and revenue decreased due primarily to: (1) Other of $1.7 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of $1.9 billion; partially offset by increased revenue from parts and accessories sales of $0.1 billion; partially offset by (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; and (3) favorable vehicle mix due to increased sales of the Chevrolet Trailblazer, Chevrolet Captiva, Chevrolet Orlando, Chevrolet Tahoe and Chevrolet S10.

In the year ended December 31, 2012 Total net sales and revenue increased due primarily to: (1) favorable vehicle mix due to increased sales of Chevrolet Cruze and Chevrolet S10; and (2) favorable vehicle pricing primarily due to high inflation in Venezuela and Argentina; partially offset by (3) decreased wholesale volumes due to deteriorated market share driven by increased competition and aggressive pricing in the market; and (4) Other of $1.4 billion due primarily to unfavorable net foreign currency effect due to the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the BsF of $1.5 billion; partially offset by increased revenue from parts and accessories sales of $0.1 billion.

GMSA EBIT-Adjusted

In the year ended December 31, 2013 EBIT-adjusted decreased due primarily to: (1) Other of $1.3 billion due primarily to unfavorable net foreign currency effect as a result of the strengthening of the U.S. Dollar against the Brazilian Real and Argentinian Peso and the devaluation of the Venezuelan Bolivar of $1.1 billion; increased selling, general and administrative expense mainly due to a decrease in contingency reserves of $0.1 billion in the corresponding period of 2012 due to the resolution of certain items at amounts lower than previously expected; and a gain of $50 million on the purchase of GMAC de Venezuela CA in the corresponding period of 2012; partially offset by (2) favorable vehicle pricing effect primarily driven by high inflation in Venezuela and Argentina; and (3) favorable net vehicle mix.

In the year ended December 31, 2012 EBIT-adjusted increased due primarily to: (1) favorable vehicle pricing; and (2) favorable net vehicle mix; partially offset by (3) unfavorable net wholesale volumes; and (4) Other of $0.4 billion due primarily to increased material, freight and manufacturing costs of $0.5 billion; and increased administrative and advertising and sales promotion expenses of $0.1 billion to support launches of new products; partially offset by decreases in contingency reserves of $0.1 billion due to the resolution of certain items at amounts lower than previously expected; and a bargain purchase gain of $50 million on the purchase of GMAC de Venezuela CA.

GM Financial

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
				(Dollars in millions)			
Total revenue	$ 3,344	$ 1,961	$ 1,410	$ 1,383	70.5%	$ 551	39.1%
Provision for loan losses	$ 475	$ 304	$ 178	$ 171	56.3%	$ 126	70.8%
Income before income taxes	$ 883	$ 744	$ 622	$ 139	18.7%	$ 122	19.6%
				(Dollars in billions)			
Average debt outstanding	$ 21.0	$ 9.5	$ 7.6	$ 11.5	121.1%	$ 1.9	25.0%
Effective rate of interest paid	3.4%	3.0%	2.7%	0.4%		0.3%	

GM Financial Revenue

In the year ended December 31, 2013 Total revenue increased due primarily to: (1) increased finance charge income of $1.0 billion due to the acquisition of Ally Financial international operations and increased loan originations; and (2) increased leased vehicle income of $0.3 billion due to a larger lease portfolio.

In the year ended December 31, 2012 Total revenue increased due primarily to: (1) increased finance charge income of $0.3 billion, due to a larger portfolio; and (2) increased leased vehicles income of $0.2 billion due to the increased size of the leased asset portfolio.

GM Financial Income Before Income Taxes

In the year ended December 31, 2013 Income before income taxes increased due primarily to: (1) increased revenue of $1.0 billion; partially offset by (2) increased provision for loan losses; (3) increased interest expenses of $0.4 billion; and (4) increased operating expenses of $0.4 billion. These changes are due primarily to the acquisition of the Ally Financial international operations.

In the year ended December 31, 2012 Income before income taxes increased due primarily to: (1) increased revenue of $0.6 billion; partially offset by (2) increased leased vehicle expenses of $0.1 billion due to a larger lease portfolio; (3) increased provision for loan losses due to a larger loan portfolio; (4) increased interest expenses of $0.1 billion due primarily to new debt; and (5) increased operating expenses of $0.1 billion due to an increase of personnel to support company growth.

Corporate
(Dollars in Millions)

	Years Ended December 31,			Year Ended 2013 vs. 2012 Change		Year Ended 2012 vs. 2011 Change	
	2013	2012	2011	Amount	%	Amount	%
Net income (loss) attributable to stockholders	$ (2,138)	$ 33,809	$ (452)	$ (35,947)	n.m.	$ 34,261	n.m.

n.m. = not meaningful

Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

The following table summarizes the changes in Corporate Net income (loss) attributable to stockholders (dollars in billions):

	Years Ended	
	2013 vs. 2012	2012 vs. 2011
Deferred tax asset valuation allowance release in U.S. and Canada	$ (36.3)	$ 36.3
Other tax related matters	(0.5)	(1.4)
Impairment of investment in Ally Financial common stock	—	0.6
Premium paid to purchase common stock from UST	0.4	(0.4)
Gain on sale of Ally Financial preferred and common stock	0.5	(0.3)
Loss on extinguishment of debt	—	(0.3)
Other	—	(0.2)
	$ (35.9)	$ 34.3

Liquidity and Capital Resources

Liquidity Overview

We believe that our current level of cash and cash equivalents, marketable securities and availability under our secured revolving credit facilities will be sufficient to meet our liquidity needs. However we expect to have substantial cash requirements going forward which we plan to fund through total available liquidity and cash flows generated from operations. Our future uses of cash, which may vary from time to time based on market conditions and other factors, are centered around three objectives: (1) reinvest in our business; (2) continue to strengthen our balance sheet and competitive position; and (3) return cash to shareholders. Our known future material uses of cash include, among other possible demands: (1) capital expenditures of approximately $7.5 billion annually as well as engineering and product development activities; (2) acquiring Ally Financial's equity interests in GMAC-SAIC, as subsequently discussed, for approximately $0.9 billion; (3) payments for previously announced restructuring activities of up to $1.1 billion; (4) payments to service debt and other long-term obligations; (5) payments to purchase the remaining outstanding shares of our Series A Preferred Stock with a liquidation amount of $3.9 billion once the shares become redeemable on or after December 31, 2014; and (6) dividend payments on our common stock that are declared by our Board of Directors.

Our liquidity plans are subject to a number of risks and uncertainties, including those described in the "Risk Factors" section of this 2013 Form 10-K, some of which are outside our control. Macroeconomic conditions could limit our ability to successfully execute our business plans and therefore adversely affect our liquidity plans.

Recent Management Initiatives

We continue to monitor and evaluate opportunities to strengthen our balance sheet and competitive position over the long-term. These actions may include opportunistic payments to reduce our long-term obligations while maintaining minimal financial leverage as well as the possibility of acquisitions, dispositions and strategic alliances that we believe would generate significant advantages and substantially strengthen our business. These actions may include additional loans, investments with our joint venture partners or the acquisitions of certain operations or ownership stakes in outside businesses. These actions may negatively impact our liquidity in the short-term.

In November 2012 GM Financial entered into agreements with Ally Financial to acquire Ally Financial's automotive finance and financial services businesses in Europe and Latin America and Ally Financial's equity interests in GMAC-SAIC for approximately $4.2 billion. GM Financial has completed the acquisitions of Ally Financial's European and Latin American automotive finance operations for $3.3 billion in 2013. Increases in GM Financial receivables and GM Financial Short-term and Long-term debt in 2013 compared to 2012 were due primarily to the acquisition. Refer to Note 3 to our consolidated financial statements for additional information on these acquisitions.

In April 2013 GM Korea made a payment of $0.7 billion to acquire, prior to the mandatory redemption date, the remaining balance of GM Korea's seven percent mandatorily redeemable preferred shares that had a carrying amount of $0.5 billion. We recorded the difference of $0.2 billion as a loss on extinguishment of debt.

In September 2013 we issued $4.5 billion in aggregate principal amount of senior unsecured notes comprising $1.5 billion of 3.5% notes due in 2018, $1.5 billion of 4.875% notes due in 2023 and $1.5 billion of 6.25% notes due in 2043. We used proceeds from the issuance of these notes to purchase 120 million shares of our Series A Preferred Stock from the New VEBA for a total price of $3.2 billion, which was equal to 108.1% of their aggregate liquidation amount. The Series A Preferred Stock accrues cumulative dividends at a 9% annual rate. We recorded a loss for the difference between the carrying amount of the Series A Preferred Stock purchased of $2.4 billion and the consideration paid of $3.2 billion, which reduced Net income attributable to common stockholders by $0.8 billion.

In October 2013 we used proceeds from the issuance of the senior unsecured notes to make a payment of $1.2 billion to prepay notes issued to the HCT. The HCT notes accrued interest at a 7% annual rate. This transaction and the purchase of the Series A Preferred Stock from the New VEBA lowered our overall cost of funding as the senior unsecured notes carry a lower interest rate than the dividends on the Series A Preferred Stock and the interest rate on the HCT notes.

In December 2013 we sold our investment in Ally Financial's common stock for $0.9 billion. Also in December 2013 we sold our seven percent equity stake in PSA for $0.3 billion. These transactions released capital from non-core investment assets and allow the funds to be used for other corporate purposes.

Automotive

Available Liquidity

Total available liquidity includes cash, cash equivalents, marketable securities and funds available under credit facilities. At December 31, 2013 our total available liquidity was $38.3 billion, including funds available under credit facilities of $10.4 billion. The amount of available liquidity is subject to intra-month and seasonal fluctuations and includes balances held by various business units and subsidiaries worldwide that are needed to fund their operations.

We manage our liquidity primarily at our treasury centers as well as at certain of our significant consolidated overseas subsidiaries. Available liquidity held within North America and at our regional treasury centers represented approximately 84% of our available liquidity at December 31, 2013. A portion of our available liquidity includes amounts deemed indefinitely reinvested in our foreign subsidiaries. We have used and will continue to use other methods including intercompany loans to utilize these funds across our global operations as needed.

Our cash equivalents and marketable securities balances include investments in U.S. government and agency obligations, foreign government securities, time deposits and corporate debt securities, and are primarily denominated in U.S. Dollars. We expect to maintain a sufficient amount of CAD denominated cash investments to offset certain CAD denominated liabilities, which primarily relate to pension and OPEB liabilities. These cash investments will incur foreign currency exchange gains or losses based on the movement of the CAD in relation to the U.S. Dollar and will therefore reduce our net CAD foreign currency exchange exposure. We held cash investments in CAD denominated securities of $1.7 billion at December 31, 2013. These funds continue to be available to fund our normal ongoing operations and are included in our available liquidity.

Our investment guidelines, which we may change from time to time, prescribe certain minimum credit worthiness thresholds and limit our exposures to any particular sector, asset class, issuance or security type. Substantially all of our current investments in debt securities are with A/A2 or better rated issuers.

We use credit facilities as a mechanism to provide additional flexibility in managing our global liquidity and to fund working capital needs at certain of our subsidiaries. The total size of our credit facilities was $11.2 billion and $11.4 billion at December 31, 2013 and 2012. Our primary borrowing capacity under credit facilities comes from our secured revolving credit facilities comprising a three-year, $5.5 billion facility maturing in 2015 and a five-year, $5.5 billion facility maturing in 2017. We have not borrowed against these facilities, but have amounts in use under the letter of credit sub-facility of $0.6 billion at December 31, 2013. GM Financial has not borrowed against the three-year facility. Refer to Note 14 to our consolidated financial statements for additional details on our secured revolving credit facilities.

The following table summarizes our automotive available liquidity (dollars in millions):

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 18,947	$ 17,133
Marketable securities	8,972	8,988
Available liquidity	27,919	26,121
Available under credit facilities	10,404	11,119
Total available liquidity	$ 38,323	$ 37,240

The following table summarizes the changes in our automotive available liquidity (dollars in billions):

	Year Ended 2013 vs 2012
Operating cash flow	$ 11.0
Less: capital expenditures	(7.5)
Sale of investments in Ally Financial and PSA	1.2
Capital contribution to GM Financial for the acquisition of the Ally Financial international operations	(1.3)
Dividends paid	(0.9)
Decrease in available credit facilities	(0.7)
Effect of foreign currency	(0.4)
Other	(0.3)
Total change in available liquidity	$ 1.1

Cash Flow

The following tables summarize automotive cash flows from operating, investing and financing activities (dollars in billions):

	Years Ended December 31,		
	2013	2012	2011
Operating Activities			
Net income	$ 4.7	$ 5.6	$ 8.9
Depreciation, amortization and impairments	7.6	38.5	7.3
Pension & OPEB activities	(0.8)	(0.5)	(3.0)
Working capital	(0.5)	(0.7)	(2.2)
Deferred tax valuation allowance release in the U.S. and Canada	—	(36.3)	—
Other	—	3.0	(3.6)
Cash flows from operating activities	$ 11.0	$ 9.6	$ 7.4

Depreciation, amortization and impairments included goodwill impairments of $0.5 billion, $27.1 billion and $1.3 billion and impairment charges of property and intangible assets of $1.4 billion, $5.5 billion and $0.1 billion in the year ended December 31, 2013, 2012 and 2011. In the year ended December 31, 2012 significant Pension and OPEB activities included contributions to the U.S. salaried pension plan of $2.3 billion for the purchase of annuity contracts and associated pension settlement charges of $2.7 billion. In the year ended December 31, 2011 significant Pension and OPEB activities included a cash contribution as part of the HCT settlement of $0.8 billion and a gain associated with the HCT settlement of $0.7 billion. In the year ended December 31, 2012 Other was due primarily to favorable movements in dealer and customer allowances of $0.9 billion, other deferred tax provisions of $0.9 billion and policy and warranty of $0.6 billion. In the year ended December 31, 2011 Other was due primarily to gains on the sale of our investments in New Delphi Class A Membership Interests and Ally Financial preferred stock of $2.0 billion, unfavorable movements in accrued and other liabilities of $0.7 billion and equipment on operating leases of $0.5 billion.

	Years Ended December 31,		
	2013	2012	2011
Investing Activities			
Capital expenditures	$ (7.5)	$ (8.1)	$ (6.2)
Liquidations (acquisitions) of marketable securities, net	0.1	6.9	(10.6)
Sale of our investment in Ally Financial	0.9	—	1.0
Sale of our investment in Delphi	—	—	3.8
Other	0.4	0.5	1.4
Cash flows from investing activities	$ (6.1)	$ (0.7)	$ (10.6)

Changes in the (Acquisitions) liquidations of marketable securities, net were due to varying maturities of investments as we rebalanced our investment portfolio in the normal course of business. Other was due primarily to the release of restricted cash, including the release of $1.0 billion associated with the implementation of the HCT in the year ended December 31, 2011.

	Years Ended December 31,		
	2013	2012	2011
Financing Activities			
Issuance of senior unsecured notes	$ 4.5	$ —	$ —
Prepayment of HCT notes	(1.1)	—	—
Early redemption of GM Korea preferred stock	(0.7)	(0.7)	—
Purchase of Series A Preferred Stock	(3.2)	—	—
Purchase of Common Stock (excluding charge related to purchase premium)	—	(5.1)	—
Dividends paid (excluding charge related to purchase of series A Preferred Stock)	(0.9)	(0.9)	(0.9)
Other	—	(0.4)	(1.0)
Cash flows from financing activities	$ (1.4)	$ (7.1)	$ (1.9)

Other was due primarily to prepayments on debt facilities held by certain of our foreign subsidiaries, primarily in GMNA and GMSA, of $1.0 billion in the year ended December 31, 2011.

Free Cash Flow and Adjusted Free Cash Flow

The following table summarizes free cash flow and adjusted free cash flow (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Operating cash flow	$ 11,021	$ 9,631	$ 7,429
Less: capital expenditures	(7,549)	(8,055)	(6,241)
Free cash flow	3,472	1,576	1,188
Adjustments	225	2,712	1,830
Adjusted free cash flow	$ 3,697	$ 4,288	$ 3,018

Adjustments to free cash flow included the following items: accrued interest on the prepayment of the HCT notes of $0.2 billion in October 2013 and pension contributions of $0.1 billion related to the previously announced annuitization of the U.S. salaried pension plan in March 2013; voluntary contributions to the U.S. salaried pension plan of $2.3 billion for the purchase of annuity contracts and the premium paid to purchase our common stock from the UST of $0.4 billion in December 2012; termination of in-transit wholesale advance agreement in GMNA resulting in an increase to accounts receivable of $1.1 billion and OPEB payments relating to the HCT settlement of $0.8 billion in 2011.

Status of Credit Ratings

We receive ratings from four independent credit rating agencies: DBRS Limited, Fitch Ratings (Fitch), Moody's Investor Service (Moody's) and S&P. DBRS Limited and Moody's currently rate our corporate credit at investment grade while Fitch and S&P currently rate our corporate credit at non-investment grade. The following table summarizes our credit ratings at January 30, 2014:

	Corporate	Secured Revolving Credit Facilities	Senior Unsecured	Outlook
DBRS Limited	BBB (low)	N/A	N/A	Stable
Fitch	BB+	BBB-	BB+	Positive
Moody's	Investment Grade	Baa2	Ba1	Stable
S&P	BB+	BBB	BB+	Positive

Rating actions taken by each of the credit rating agencies from January 1, 2013 through January 30, 2014 were as follows:

Fitch: September — Assigned a senior unsecured rating of BB+. August — Upgraded their outlook to positive from stable.

Moody's: September — Upgraded corporate rating to an investment grade rating of Baa3 from Ba1, assigned a senior unsecured rating of Ba1 and changed their outlook to stable from positive.

S&P: September — Assigned a senior unsecured rating of BB+ and upgraded their outlook to positive from stable.

We continue to pursue investment grade status from all of the credit rating agencies by maintaining a balance sheet with minimal financial leverage and demonstrating continued operating performance. Achieving investment grade status will provide us with greater financial flexibility, lower our cost of borrowing and may release collateral from certain agreements including our secured revolving credit facility.

Automotive Financing — GM Financial

Liquidity Overview

GM Financial's primary sources of cash are finance charge income, leasing income, servicing fees, net distributions from secured debt, borrowings under secured and unsecured debt, net proceeds from senior notes transactions and collections and recoveries on finance receivables. GM Financial's primary uses of cash are purchases of finance receivables and leased vehicles, funding of commercial finance receivables, business acquisitions, repayment of secured and unsecured debt, funding credit enhancement requirements for secured debt, operating expenses and interest costs. GM Financial continues to monitor and evaluate opportunities to optimize its liquidity position and the mix of its debt.

Available Liquidity

The following table summarizes GM Financial's available liquidity for daily operations (dollars in millions):

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 1,074	$ 1,289
Borrowing capacity on unpledged eligible assets	1,650	1,349
Borrowing capacity on committed unsecured lines of credit	615	—
Available liquidity	$ 3,339	$ 2,638

The increase in liquidity is due primarily to the net increase of $0.8 billion resulting from the Ally Financial international operations acquisition.

GM Financial has the ability to borrow up to $4.0 billion against our three-year $5.5 billion secured revolving credit facility subject to available capacity and borrowing base restrictions. In the event GM Financial borrows against the facility, it is expected such borrowings would be short-term in nature. The facility is not guaranteed or secured by any GM Financial assets or subsidiaries.

Credit Facilities

In the normal course of business, in addition to using its available cash, GM Financial utilizes borrowings under its credit facilities, which may be secured and structured as securitizations, or may be unsecured, and GM Financial repays these borrowings as appropriate under its cash management strategy. At December 31, 2013 secured and unsecured credit facilities totaled $15.6 billion and $4.0 billion, with advances outstanding of $9.0 billion and $3.0 billion.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain secured credit facilities. GM Financial's secured credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios, and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements, the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings under these agreements and/or remove GM Financial as servicer. At December 31, 2013 GM Financial was in compliance with all covenants related to its credit facilities.

Cash Flow

The following table summarizes GM Financial cash flows from operating, investing and financing activities (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Net cash provided by operating activities	$ 1,609	$ 974	$ 737
Net cash used in investing activities	$ (8,215)	$ (2,776)	$ (2,112)
Net cash provided by financing activities	$ 5,143	$ 2,318	$ 1,520

Operating Activities

In the year ended December 31, 2013 net cash provided by operating activities increased by $0.6 billion due primarily to the acquisitions of Ally Financial international operations.

In the year ended December 31, 2012 net cash provided by operating activities increased by $0.2 billion due primarily to higher revenues resulting from a $2.4 billion increase in average earning assets.

Investing Activities

In the year ended December 31, 2013 net cash used in investing activities increased by $5.4 billion due primarily to: (1) increased funding of commercial finance receivables of $19.9 billion and purchase of consumer finance receivables of $4.0 billion; (2) net cash payment of $2.6 billion made in the current year on the acquisitions of Ally Financial international operations; (3) increased purchase of leased vehicles of $1.2 billion; and (4) increase in restricted cash of $0.6 billion; partially offset by (5) increased collections and recoveries on finance receivables of $22.8 billion.

In the year ended December 31, 2012 net cash used in investing activities increased by $0.7 billion due primarily to: (1) increased funding of commercial finance receivables of $1.2 billion and purchase of consumer finance receivables of $0.6 billion; and (2) increased purchase of leased vehicles of $0.2 billion; partially offset by (3) increased collections and recoveries on finance receivables of $1.0 billion.

Financing Activities

In the year ended December 31, 2013 net cash provided by financing activities increased by $2.8 billion due primarily to the increased borrowings under secured and unsecured debt and issuance of senior notes of $14.0 billion, partially offset by the increased debt repayment of $9.7 billion and the repayment of $1.4 billion in certain debt assumed as part of the Ally Financial international operations acquisitions.

In the year ended December 31, 2012 net cash provided by financing activities increased by $0.8 billion due primarily to a decrease in repayment of debt.

Defined Benefit Pension Plan Contributions

Eligible U.S. salaried employees hired prior to January 2001 participated in a defined benefit pension plan which was frozen as of September 30, 2012. All eligible salaried employees now participate in a defined contribution plan. Hourly employees hired prior to October 2007 generally participate in plans which provide benefits of stated amounts for each year of service as well as supplemental benefits for employees who retire with 30 years of service before normal retirement age. Hourly employees hired after September 2007 participate in a defined contribution plan. Our policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulation, or to directly pay benefit payments where appropriate. At December 31, 2013 all legal funding requirements had been met. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.7 billion to our non-U.S. pension plans in 2014.

The following table summarizes contributions made to the defined benefit pension plans or direct payments (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
U.S. hourly and salaried	$ 128	$ 2,420	$ 1,962
Non-U.S.	886	855	836
Total contributions	$ 1,014	$ 3,275	$ 2,798

We provided short-term, interest-free, unsecured loans of $2.2 billion to provide the U.S. salaried defined benefit pension plan with incremental liquidity to pay ongoing benefits and administrative costs. Through December 31, 2013 contributions of $1.7 billion were made from the $2.2 billion loans and the remaining amounts were repaid.

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

The following table summarizes the underfunded status of pension plans on a U.S. GAAP basis (dollars in millions):

	December 31, 2013	December 31, 2012
U.S. hourly and salaried	$ 6,552	$ 13,148
U.S. nonqualified	762	877
Total U.S. pension plans	7,314	14,025
Non-U.S.	12,542	13,760
Total underfunded	$ 19,856	$ 27,785

The decrease in underfunded status of the U.S. pension plans was due primarily to: (1) actuarial gains due primarily to discount rate increases of $7.7 billion; (2) actual return on plan assets of $2.1 billion; and (3) contributions of $0.1 billion; partially offset by (4) service and interest costs of $3.1 billion.

The decrease in underfunded status of the non-U.S. pension plans primarily in Canada, the United Kingdom and Germany was due primarily to: (1) actuarial gains due primarily to discount rate increases of $1.0 billion; (2) actual return on plan assets of $1.0 billion; and (3) contributions and benefit payments of $0.9 billion; partially offset by (4) service and interest costs of $1.4 billion; (5) net unfavorable foreign currency effect of $0.2 billion; and (6) business combinations of $0.1 billion.

Hourly and salaried OPEB plans provide postretirement life insurance to certain U.S. retirees and eligible dependents and postretirement health coverage to some U.S. retirees and eligible dependents. Certain of the non-U.S. subsidiaries have postretirement benefit plans, although most participants are covered by government sponsored or administered programs.

The following table summarizes the unfunded status of OPEB plans (dollars in millions):

	December 31, 2013	December 31, 2012
U.S. OPEB plans	$ 5,110	$ 6,271
Non-U.S. OPEB plans	1,238	1,528
Total unfunded	$ 6,348	$ 7,799

Refer to Note 15 to our consolidated financial statements for the change in benefit obligations and related plan assets.

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2014	$ 5,780	$ 1,609	$ 376	$ 77
2015	$ 5,687	$ 1,597	$ 364	$ 65
2016	$ 5,475	$ 1,688	$ 352	$ 65
2017	$ 5,368	$ 1,711	$ 341	$ 65
2018	$ 5,210	$ 1,581	$ 332	$ 66
2019 - 2023	$ 24,019	$ 7,858	$ 1,576	$ 357

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Off-Balance Sheet Arrangements

We do not currently utilize off-balance sheet securitization arrangements. All trade or financing receivables and related obligations subject to securitization programs are recorded on our consolidated balance sheets at December 31, 2013 and 2012.

Guarantees Provided to Third Parties

We have provided guarantees related to the residual value of operating leases, certain suppliers' commitments, certain product-related claims and third party commercial loans and other obligations. The maximum potential obligation under these commitments was $16.9 billion and $23.5 billion at December 31, 2013 and 2012.

Refer to Note 17 to our consolidated financial statements for additional information on guarantees we have provided.

Contractual Obligations and Other Long-Term Liabilities

We have the following minimum commitments under contractual obligations, including purchase obligations. A purchase obligation is defined as an agreement to purchase goods or services that is enforceable and legally binding on us and that specifies all significant terms, including: fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction. Other long-term liabilities are defined as long-term liabilities that are recorded on our consolidated balance sheet. Based on this definition, the following table includes only those contracts which include fixed or minimum obligations. The majority of our purchases are not included in the table as they are made under purchase orders which are requirements based and accordingly do not specify minimum quantities.

The following table summarizes aggregated information about our outstanding contractual obligations and other long-term liabilities at December 31, 2013 (dollars in millions):

	Payments Due by Period				
	2014	2015-2016	2017-2018	2019 and after	Total
Automotive debt	$ 389	$ 26	$ 1,781	$ 4,741	$ 6,937
Automotive Financing debt	13,594	10,672	4,030	750	29,046
Capital lease obligations	154	230	297	284	965
Automotive interest payments (a)	362	635	552	2,944	4,493
Automotive Financing interest payments (b)	766	833	232	141	1,972
Postretirement benefits (c)	259	279	3	—	541
Contractual commitments for capital expenditures	224	—	—	—	224
Operating lease obligations	311	397	173	206	1,087
Other contractual commitments:					
Material	947	991	117	30	2,085
Marketing	1,089	780	267	181	2,317
Rental car repurchases	3,761	—	—	—	3,761
Policy, product warranty and recall campaigns liability	2,628	3,266	1,153	246	7,293
Other	980	522	462	670	2,634
Total contractual commitments (d)(e)	$ 25,464	$ 18,631	$ 9,067	$ 10,193	$ 63,355
Non-contractual postretirement benefits (f)	$ 194	$ 567	$ 801	$ 11,136	$ 12,698

(a) Amounts include Automotive interest payments based on contractual terms and current interest rates on our debt and capital lease obligations. Automotive interest payments based on variable interest rates were determined using the interest rate in effect at December 31, 2013.

(b) GM Financial interest payments were determined using the interest rate in effect at December 31, 2013 for floating rate debt and the contractual rates for fixed rate debt. GM Financial interest payments on floating rate tranches of the securitization notes payable were converted to a fixed rate based on the floating rate plus any expected hedge payments.

(c) Amounts include OPEB payments under the current U.S. contractual labor agreements through 2015 and Canada labor agreements through 2016. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

(d) Amounts do not include future cash payments for long-term purchase obligations and other accrued expenditures (unless specifically listed in the table above) which were recorded in Accounts payable or Accrued liabilities at December 31, 2013.

(e) Amounts exclude the future annual contingent obligations of Euro 265 million in the years 2013 to 2014 related to our Opel/Vauxhall restructuring plan. Refer to Note 17 to our consolidated financial statements for further detail.

(f) Amounts include all expected future payments for both current and expected future service at December 31, 2013 for OPEB obligations for salaried employees and hourly OPEB obligations extending beyond the current North American union contract agreements. Amounts do not include pension funding obligations, which are discussed below under the caption "Pension Funding Requirements."

The table above does not reflect unrecognized tax benefits of $2.5 billion due to the high degree of uncertainty regarding the future cash outflows associated with these amounts.

Pension Funding Requirements

We have implemented and completed a balance sheet derisking strategy, comprising certain actions related to our U.S. salaried pension plan. These actions included payment of lump-sums to retirees, the purchase of group annuity contracts from an insurance company and the settlement of other previously guaranteed obligations.

We do not have any required contributions payable to our U.S. qualified plans in 2014. We expect to contribute $0.1 billion to our U.S. non-qualified plans and $0.7 billion to our non-U.S. pension plans in 2014.

Critical Accounting Estimates

The consolidated financial statements are prepared in conformity with U.S. GAAP, which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods. We have discussed the development, selection and disclosures of our critical accounting estimates with the Audit Committee of the Board of Directors and the Audit Committee has reviewed the disclosures relating to these estimates.

Pensions

The defined benefit pension plans are accounted for on an actuarial basis, which requires the selection of various assumptions, including an expected long-term rate of return on plan assets and a discount rate. The expected long-term rate of return on U.S. plan assets that is utilized in determining pension expense is derived from periodic studies, which include a review of asset allocation strategies, anticipated future long-term performance of individual asset classes, risks using standard deviations and correlations of returns among the asset classes that comprise the plans' asset mix. While the studies give appropriate consideration to recent plan performance and historical returns, the assumptions are primarily long-term, prospective rates of return.

In December 2013 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets increased from 5.8% at December 31, 2012 to 6.5% at December 31, 2013 due primarily to higher yields on fixed income securities.

Another key assumption in determining net pension expense is the assumed discount rate to be used to discount plan obligations. We estimate this rate for U.S. plans using a cash flow matching approach, which uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

Significant differences in actual experience or significant changes in assumptions may materially affect the pension obligations. The effects of actual results differing from assumptions and the changing of assumptions are included in unamortized net actuarial gains and losses that are subject to amortization to expense over future periods. The unamortized pre-tax actuarial gain (loss) on our pension plans was $1.4 billion and $(6.2) billion at December 31, 2013 and 2012. The change is due primarily to the increase in discount rates.

The following table illustrates the sensitivity to a change in certain assumptions for the pension plans, holding all other assumptions constant (dollars in millions):

	U.S. Plans		Non-U.S. Plans	
	Effect on 2014 Pension Expense	Effect on December 31, 2013 PBO	Effect on 2014 Pension Expense	Effect on December 31, 2013 PBO
25 basis point decrease in discount rate	−$ 50	+$ 1,890	+$ 22	+$ 866
25 basis point increase in discount rate	+$ 50	−$ 1,830	−$ 21	−$ 821
25 basis point decrease in expected rate of return on assets	+$ 150	N/A	+$ 36	N/A
25 basis point increase in expected rate of return on assets	−$ 150	N/A	−$ 36	N/A

The following data illustrates the sensitivity of changes in pension expense and pension obligation based on the last remeasurement of the U.S. hourly pension plan at December 31, 2013 (dollars in millions):

	Effect on 2014 Pension Expense	Effect on December 31, 2013 PBO
Change in future benefit units		
One percentage point increase in benefit units	+$ 69	+$ 206
One percentage point decrease in benefit units	−$ 66	−$ 200

Refer to Note 15 to our consolidated financial statements for the expected weighted-average long-term rate of return on plan assets, weighted-average discount rate on plan obligations and actual and expected return on plan assets. Refer to Note 2 to our consolidated financial statements for a discussion of the inputs used to determine fair value for each significant asset class or category.

Valuation of Deferred Tax Assets

We evaluate the need for deferred tax asset valuation allowances based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year anticipated results as the primary measure of cumulative losses in recent years. Our accounting for deferred tax consequences represents our best estimate of future events. Changes in our current estimates, due to unanticipated events or otherwise, could have a material effect on our financial condition and results of operations. At December 31, 2013 we retained valuation allowances of $10.8 billion against deferred tax assets primarily in GME and South Korea business units with losses and in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards.

If law is enacted that reduces the U.S. statutory rate, we would record a significant reduction to the net deferred tax assets and a related increase to income tax expense in the period that includes the enactment date of the tax rate change.

Impairment of Goodwill

When applying fresh-start reporting, certain accounts, primarily employee benefit and income tax related, were recorded at amounts determined under specific U.S. GAAP rather than fair value and the difference between the U.S. GAAP and fair value amounts gave rise to goodwill, which is a residual. If all identifiable assets and liabilities had been recorded at fair value upon application of fresh-start reporting, no goodwill would have resulted. Goodwill established at fresh-start was $30.5 billion of which $30.4 billion has been impaired through December 31, 2013.

In the three months ended December 31, 2013 we performed our annual goodwill impairment testing as of October 1 for all reporting units with Goodwill. Our reporting units are GMNA, GME and various reporting units within the GMIO, GMSA and GM Financial segments. In the year ended December 31, 2013 we also performed event-driven goodwill impairment tests at various dates for certain of our reporting units. Based on our testing procedures we recorded Goodwill impairment charges of $0.5 billion in the year ended December 31, 2013 primarily associated with our GM Korea and GM India reporting units. Subsequent to the recording of the Goodwill impairment charges in the year ended December 31, 2013 we had Goodwill of $1.6 billion at December 31, 2013 which resulted primarily from the acquisition of AmeriCredit Corp in 2011.

Refer to Note 10 to our consolidated financial statements for additional information on goodwill impairments.

For purposes of our 2013 annual impairment testing procedures at October 1, 2013 the estimated fair value of GM Financial's North American reporting unit exceeded its carrying amount by 29%. Due to anticipated changes in GM Financial's business model to continue to introduce higher credit quality products into its lending portfolio, the initial equity retention ratio assumption of 12.5% was forecasted to decrease to 7.5% by 2018 in the discounted cash flow analysis utilized for goodwill impairment testing purposes. Having higher credit quality products comprising a larger percentage of GM Financial's lending portfolio will require less equity. GM Korea's fair value continued to be below its carrying amount and GM India's carrying amount became negative.

The key assumptions utilized in determining the fair value-to-U.S. GAAP differences giving rise to the implied goodwill for the reporting units requiring a Step 2 analysis are: (1) the determination of our nonperformance risk; (2) interest rates; (3) estimates of our employee benefit related obligations; and (4) the estimated timing of the utilization of our deferred tax assets, including our determination whether it is more likely than not that the deferred tax assets will be utilized. For the year ended December 31, 2013 GM Korea's goodwill assessment was most sensitive to our determination of estimates of our employee benefit related obligations and GM India's was most sensitive to the estimated timing of the utilization of our deferred tax assets.

Impairment of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds the fair value for the long-lived assets or in certain cases, the asset group to be held and used. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level. Non-product-specific long-lived assets are tested for impairment on a reporting unit basis in GMNA and GME and tested at or within our various reporting units within our GMIO, GMSA and GM Financial segments.

In December 2013 we: (1) announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe in 2015 due to the challenging business model and difficult economic situation in Europe; (2) announced plans to cease manufacturing at Holden by the end of 2017; and (3) performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. These triggered long-lived asset impairment analyses so we performed recoverability tests on the long-lived assets associated with these asset groups. Our tests concluded that the associated long-lived assets were not recoverable as the resulting undiscounted cash flows were less than their carrying amounts. We develop anticipated cash flows from historical experience and internal business plans.

We estimated the fair values of the associated long-lived assets to determine the impairment amount. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. A considerable amount of management judgment was required in determining the fair value of the asset groups which requires the use of significant estimates and assumptions, considered to be Level 3 inputs. An in-exchange premise was determined to be the highest and best use of the assets which is different than the assets' current use due to: (1) expected losses to be incurred associated with the exit of Chevrolet from a mainstream presence in Western and Central Europe and the wind down of manufacturing activities at Holden; and (2) the lack of economic support due to declining operations for the existing long-lived assets at GM India. As a result in the three months ended December 31, 2013 we recorded total asset impairment charges of $1.1 billion in GMIO. Refer to Notes 9 and 11 to our consolidated financial statements for additional information on the impairment charges recorded and related fair value measurements.

While we believe our judgments and assumptions are reasonable, a change in assumptions underlying these estimates could result in a material effect to the consolidated financial statements. Long-lived assets could become impaired in the future as a result of declines in profitability due to significant changes in volume, pricing or costs.

Sales Incentives

The estimated effect of sales incentives to dealers and customers is recorded as a reduction of Automotive net sales and revenue, and in certain instances, as an increase to Automotive cost of sales, at the later of the time of sale or announcement of an incentive program to dealers. There may be numerous types of incentives available at any particular time, including a choice of incentives for a specific model. Incentive programs are generally brand specific, model specific or region specific and are for specified time periods, which may be extended. Significant factors used in estimating the cost of incentives include the volume of vehicles that will be affected by the incentive programs offered by product, product mix, the rate of customer acceptance of any incentive program and the likelihood that an incentive program will be extended, all of which are estimated based on historical experience and assumptions concerning customer behavior and future market conditions. When an incentive program is announced, the number of vehicles in dealer inventory eligible for the incentive program is determined and a reduction of Automotive net sales and revenue or increase to Automotive cost of sales is recorded in the period in which the program is announced. If the actual number of affected vehicles differs from this estimate, or if a different mix of incentives is actually paid, the reduction in Automotive net sales and revenue or increase to Automotive cost of sales for sales incentives could be affected. There are a multitude of inputs affecting the calculation of the estimate for sales incentives, and an increase or decrease of any of these variables could have a significant effect on recorded sales incentives.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold. Estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. However where little or no claims experience exists for a model year or a vehicle line, the estimate is based on comparable models. Revisions are made when necessary based on changes in these factors. These estimates are re-evaluated on an ongoing basis. We actively study trends of claims and take action to improve vehicle quality and minimize claims. Actual experience could differ from the amounts estimated requiring adjustments to these liabilities in future periods. Due to the uncertainty and potential volatility of the factors contributing to developing estimates, changes in our assumptions could materially affect our results of operations.

Accounting Standards Not Yet Adopted

Accounting standards not yet adopted are discussed in Note 2 to our consolidated financial statements.

Forward-Looking Statements

In this report and in reports we subsequently file and have previously filed with the SEC on Forms 10-K and 10-Q and file or furnish on Form 8-K, and in related comments by our management, we use words like “anticipate,” “approximately,” “believe,” “continue,” “could,” “designed,” “effect,” “estimate,” “evaluate,” “expect,” “forecast,” “goal,” “initiative,” “intend,” “may,” “objective,” “outlook,” “plan,” “potential,” “priorities,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “would,” or the negative of any of those words or similar expressions to identify forward-looking statements that represent our current judgment about possible future events. In making these statements we rely on assumptions and analyses based on our experience and perception of historical trends, current conditions and expected future developments as well as other factors we consider appropriate under the circumstances. We believe these judgments are reasonable, but these statements are not guarantees of any events or financial results, and our actual results may differ materially due to a variety of important factors, both positive and negative. These factors, which may be revised or supplemented in subsequent reports on SEC Forms 10-Q and 8-K, include among others the following:

- Our ability to realize production efficiencies and to achieve reductions in costs as a result of our restructuring initiatives and labor modifications;
- Our ability to maintain quality control over our vehicles and avoid material vehicle recalls;
- Our ability to maintain adequate liquidity and financing sources including as required to fund our planned significant investment in new technology;
- Our ability to realize successful vehicle applications of new technology;
- Shortages of and increases or volatility in the price of oil, including as a result of political instability in the Middle East and African nations;
- Our ability to continue to attract customers, particularly for our new products, including cars and crossover vehicles;
- Availability of adequate financing on acceptable terms to our customers, dealers, distributors and suppliers to enable them to continue their business relationships with us;

- The ability of our suppliers to deliver parts, systems and components without disruption and at such times to allow us to meet production schedules;
- Our ability to manage the distribution channels for our products;
- Our ability to successfully restructure our European and consolidated international operations;
- The continued availability of both wholesale and retail financing from Ally Financial and its affiliates and other finance companies in markets in which we operate to support our ability to sell vehicles, which is dependent on those entities' ability to obtain funding and their continued willingness to provide financing;
- Our continued ability to develop captive financing capability, including GM Financial;
- GM Financial's ability to successfully integrate certain Ally Financial international operations;
- Overall strength and stability of the automotive industry, both in the U.S. and in global markets, particularly Europe;
- Continued economic instability or poor economic conditions in the U.S., Europe and other global markets, including the credit markets, or changes in economic conditions, commodity prices, housing prices, foreign currency exchange rates or political stability in the markets in which we operate;
- Significant changes in the competitive environment, including the effect of competition and excess manufacturing capacity in our markets, on our pricing policies or use of incentives and the introduction of new and improved vehicle models by our competitors;
- Significant changes in economic, political and market conditions in China, including the effect of competition from new market entrants, on our vehicle sales and market position in China;
- Changes in the existing, or the adoption of new, laws, regulations, policies or other activities of governments, agencies and similar organizations, including where such actions may affect the production, licensing, distribution or sale of our products, the cost thereof or applicable tax rates;
- Costs and risks associated with litigation;
- Significant increases in our pension expense or projected pension contributions resulting from changes in the value of plan assets, the discount rate applied to value the pension liabilities or other assumption changes; and
- Changes in accounting principles, or their application or interpretation, and our ability to make estimates and the assumptions underlying the estimates, which could have an effect on earnings.

We caution readers not to place undue reliance on forward-looking statements. We undertake no obligation to update publicly or otherwise revise any forward-looking statements, whether as a result of new information, future events or other factors that affect the subject of these statements, except where we are expressly required to do so by law.

* * * * * * *

Quantitative and Qualitative Disclosures About Market Risk

Automotive

We enter into a variety of foreign currency exchange and commodity forward contracts and options to manage exposures arising from market risks resulting from changes in certain foreign currency exchange rates and commodity prices. We do not enter into derivative transactions for speculative purposes.

The overall financial risk management program is under the responsibility of the Risk Management Committee which reviews and, where appropriate, approves strategies to be pursued to mitigate these risks. The Risk Management Committee comprises members of our management and functions under the oversight of the Audit Committee, a committee of the Board of Directors. The Audit Committee assists and guides the Board of Directors in its oversight of our financial and risk management strategies. A risk management control framework is utilized to monitor the strategies, risks and related hedge positions in accordance with the policies and procedures approved by the Risk Management Committee. Our risk management policy intends to protect against risk arising from extreme adverse market movements on our key exposures.

The following analyses provide quantitative information regarding exposure to foreign currency exchange rate risk and interest rate risk. Sensitivity analysis is used to measure the potential loss in the fair value of financial instruments with exposure to market risk. The models used assume instantaneous, parallel shifts in exchange rates and interest rate yield curves. For options and other instruments with nonlinear returns, models appropriate to these types of instruments are utilized to determine the effect of market shifts. There are certain shortcomings inherent in the sensitivity analyses presented, due primarily to the assumption that interest rates change in a parallel fashion and that spot exchange rates change instantaneously. In addition the analyses are unable to reflect the complex market reactions that normally would arise from the market shifts modeled and do not contemplate the effects of correlations between foreign currency pairs or offsetting long-short positions in currency pairs which may significantly reduce the potential loss in value.

Foreign Currency Exchange Rate Risk

We have foreign currency exposures related to buying, selling and financing in currencies other than the functional currencies of the operations. At December 31, 2013 our most significant foreign currency exposures were the Euro/British Pound, U.S. Dollar/Korean Won, Euro/Korean Won and Euro/U.S. Dollar. Derivative instruments such as foreign currency forwards, swaps and options are used primarily to hedge exposures with respect to forecasted revenues, costs and commitments denominated in foreign currencies. At December 31, 2013 such contracts had remaining maturities of up to 23 months.

At December 31, 2013 and 2012 the net fair value liability of financial instruments with exposure to foreign currency risk was $1.0 billion and $4.0 billion. This presentation utilizes a population of foreign currency exchange derivatives, embedded derivatives and foreign currency denominated debt and excludes the offsetting effect of foreign currency cash, cash equivalents and other assets. The potential loss in fair value for such financial instruments from a 10% adverse change in all quoted foreign currency exchange rates would be $195 million and $671 million at December 31, 2013 and 2012.

We are exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect our financial condition.

The following table summarizes the amounts of automotive foreign currency translation and transaction and remeasurement losses (dollars in millions):

	Years Ended December 31,	
	2013	2012
Foreign currency translation losses recorded in Accumulated other comprehensive loss	$ 729	$ 118
Losses resulting from foreign currency transactions and remeasurements recorded in earnings	$ 352	$ 117

Interest Rate Risk

We are subject to market risk from exposure to changes in interest rates related to certain financial instruments, primarily debt, capital lease obligations and certain marketable securities. At December 31, 2013 we did not have any interest rate swap positions to manage interest rate exposures in our automotive operations. At December 31, 2013 and 2012 the fair value liability of debt and capital leases was $6.8 billion and $5.3 billion. The potential increase in fair value resulting from a 10% decrease in quoted interest rates would be $251 million and $112 million at December 31, 2013 and 2012.

At December 31, 2013 and 2012 we had marketable securities of $7.2 billion and $3.8 billion classified as available-for sale and $1.7 billion and $5.2 billion classified as trading. The potential decrease in fair value from a 50 basis point increase in interest rates would be insignificant at December 31, 2013 and 2012.

Automotive Financing — GM Financial

Fluctuations in market interest rates can affect GM Financial's secured and unsecured debt. GM Financial's gross interest rate spread, which is the difference between: (1) interest earned on finance receivables, other income and lease contracts; and (2) interest paid, is affected by changes in interest rates as a result of GM Financial's dependence upon the issuance of variable rate securities and the incurrence of variable rate debt to fund purchases of finance receivables and leased vehicles.

Credit Facilities

Fixed interest rate receivables purchased by GM Financial are pledged to secure borrowings under its credit facilities. Amounts borrowed under these credit facilities bear interest at variable rates that are subject to frequent adjustments to reflect prevailing market interest rates. To protect the interest rate spread within each credit facility, GM Financial is contractually required to enter into interest rate cap agreements in connection with borrowings under its credit facilities.

Securitizations

In GM Financial's securitization transactions it can transfer fixed rate finance receivables to securitization trusts that, in turn, sell either fixed rate or floating rate securities to investors. Derivative financial instruments, such as interest rate swaps and caps, are used to manage the gross interest rate spread on the floating rate transactions.

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $3.8 billion and $0.8 billion at December 31, 2013 and 2012. GM Financial had interest rate swaps and caps in liability positions with notional amounts of $5.5 billion and $0.8 billion at December 31, 2013 and 2012. The fair value of these derivative financial instruments was insignificant.

Foreign Currency Exchange Rate Risk

GM Financial is exposed to foreign currency risk due to the translation and remeasurement of the results of certain international operations, primarily those acquired from Ally Financial at various dates in 2013, into U.S. Dollars as part of the consolidation process. Fluctuations in foreign currency exchange rates can therefore create volatility in the results of operations and may adversely affect GM Financial's financial condition.

In connection with the closing of certain acquisitions of Ally Financial's international operations, GM Financial provided loans denominated in foreign currencies (Euro, British Pound and Swedish Krona) to acquired entities that had an equivalent balance of $1.7 billion at December 31, 2013. GM Financial purchased foreign exchange swaps to offset any valuation change in the loans due to changes in foreign exchange rates. The fair value of these foreign exchange swaps was insignificant.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2013 (dollars in millions):

	Years Ending December 31,						December 31, 2013
	2014	2015	2016	2017	2018	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$ 9,576	$ 6,642	$ 4,162	$ 2,050	$ 820	$ 290	$ 22,652
Weighted-average annul percentage rate	10.76%	10.97%	11.17%	11.73%	12.28%	12.80%	
Commercial finance receivables							
Principal amounts	$ 5,731	$ 22	$ 25	$ 94	$ 117	$ 6	$ 6,016
Weighted-average annual percentage rate	6.82%	4.73%	4.59%	4.50%	7.40%	5.69%	
Liabilities							
Credit facilities							
Principal amounts	$ 6,297	$ 1,699	$ 796	$ 224	$ 19	$ —	$ 8,995
Weighted-average interest rate	4.95%	6.39%	6.39%	8.17%	8.34%	—%	
Securitization notes							
Principal amounts	$ 5,218	$ 4,084	$ 2,321	$ 1,114	$ 348	$ —	$ 13,175
Weighted-average interest rate	1.91%	2.12%	2.40%	2.71%	2.88%	—%	
Senior notes							
Principal amounts	$ —	$ —	$ 1,000	$ 1,000	$ 1,250	$ 750	$ 4,106
Weighted-average interest rate	—%	—%	2.75%	4.75%	4.65%	4.25%	

The following table summarizes GM Financial's interest rate sensitive assets and liabilities, excluding derivatives, by year of expected maturity and the fair value of those assets and liabilities at December 31, 2012 (dollars in millions):

	Years Ended and Ending December 31,						December 31, 2012
	2013	2014	2015	2016	2017	Thereafter	Fair Value
Assets							
Consumer finance receivables							
Principal amounts	$ 4,108	$ 2,860	$ 1,895	$ 1,209	$ 673	$ 315	$ 10,759
Weighted-average annual percentage rate	14.54%	14.39%	14.25%	14.10%	13.95%	13.84%	
Commercial finance receivables							
Principal amounts	$ 507	$ 6	$ 3	$ 3	$ 35	$ 6	$ 554
Weighted-average annual percentage rate	3.78%	3.80%	3.76%	3.78%	3.47%	4.53%	
Liabilities							
Credit facilities							
Principal amounts	$ 354	$ —	$ —	$ —	$ —	$ —	$ 354
Weighted-average interest rate	0.64%	—%	—%	—%	—%	—%	
Securitization notes							
Principal amounts	$ 3,406	$ 2,324	$ 1,772	$ 1,073	$ 438	$ —	$ 9,171
Weighted-average interest rate	2.33%	2.70%	3.03%	3.05%	2.99%	—%	
Senior notes							
Principal amounts	$ —	$ —	$ —	$ —	$ 1,000	$ 500	$ 1,620
Weighted-average interest rate	—%	—%	—%	—%	4.75%	6.75%	

GM Financial estimates the realization of finance receivables in future periods using discount rate, prepayment and credit loss assumptions similar to its historical experience. Credit facilities and securitization notes payable amounts have been classified based on expected payoff. Senior notes and convertible senior notes principal amounts have been classified based on maturity.

* * * * * * *

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the internal control over financial reporting of General Motors Company and subsidiaries (the Company) as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2013 of the Company and our report dated February 6, 2014 expressed an unqualified opinion on those financial statements and included an explanatory paragraph related to the Company's adoption of a revised accounting standard related to comprehensive income.

Deloitte & Touche LLP

Deloitte & Touche LLP
Detroit, Michigan
February 6, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

General Motors Company, its Directors, and Stockholders:

We have audited the accompanying Consolidated Balance Sheets of General Motors Company and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related Consolidated Statements of Income, Comprehensive Income, Cash Flows and Equity for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of General Motors Company and subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, the Company adopted amendments in Accounting Standards Update (ASU) 2013-02 to Accounting Standards Codification (ASC) Topic 220, *Comprehensive Income*, effective January 1, 2013.

As discussed in Note 10 to the consolidated financial statements, the Company adopted amendments in ASU 2010-28 to ASC Topic 350, *Intangibles — Goodwill and Other*, effective January 1, 2011.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on the criteria established in *Internal Control — Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 6, 2014 expressed an unqualified opinion on the Company's internal control over financial reporting.

Deloitte & Touche LLP

Deloitte & Touche LLP
Detroit, Michigan
February 6, 2014

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS
(In millions, except per share amounts)

	Years Ended December 31,		
	2013	**2012**	**2011**
Net sales and revenue			
Automotive	$ 152,092	$ 150,295	$ 148,866
GM Financial	3,335	1,961	1,410
Total	155,427	152,256	150,276
Costs and expenses			
Automotive cost of sales	134,925	140,236	130,386
GM Financial operating and other expenses	2,448	1,207	785
Automotive selling, general and administrative expense	12,382	14,031	12,163
Goodwill impairment charges (Note 10)	541	27,145	1,286
Total costs and expenses	150,296	182,619	144,620
Operating income (loss)	5,131	(30,363)	5,656
Automotive interest expense	334	489	540
Interest income and other non-operating income, net (Note 20)	1,063	845	851
Gain (loss) on extinguishment of debt (Note 14)	(212)	(250)	18
Equity income and gain on investments (Note 8)	1,810	1,562	3,192
Income (loss) before income taxes	7,458	(28,695)	9,177
Income tax expense (benefit) (Note 18)	2,127	(34,831)	(110)
Net income	5,331	6,136	9,287
Net (income) loss attributable to noncontrolling interests	15	52	(97)
Net income attributable to stockholders	$ 5,346	$ 6,188	$ 9,190
Net income attributable to common stockholders	$ 3,770	$ 4,859	$ 7,585
Earnings per share (Note 22)			
Basic			
Basic earnings per common share	$ 2.71	$ 3.10	$ 4.94
Weighted-average common shares outstanding	1,393	1,566	1,536
Diluted			
Diluted earnings per common share	$ 2.38	$ 2.92	$ 4.58
Weighted-average common shares outstanding	1,676	1,675	1,668

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

	Years Ended December 31,		
	2013	2012	2011
Net income	$ 5,331	$ 6,136	$ 9,287
Other comprehensive income (loss), net of tax (Note 21)			
Foreign currency translation adjustments	(733)	(103)	(183)
Cash flow hedging gains (losses), net	—	(2)	25
Unrealized gains (losses) on securities, net	(39)	45	1
Defined benefit plans, net	5,693	(2,120)	(6,958)
Other comprehensive income (loss), net of tax	4,921	(2,180)	(7,115)
Comprehensive income	10,252	3,956	2,172
Comprehensive (income) loss attributable to noncontrolling interests	33	41	(87)
Comprehensive income attributable to stockholders	$ 10,285	$ 3,997	$ 2,085

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In millions, except share amounts)

	December 31, 2013	December 31, 2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 20,021	$ 18,422
Marketable securities (Note 5)	8,972	8,988
Restricted cash and marketable securities (Note 5)	1,247	686
Accounts and notes receivable (net of allowance of $344 and $311; Note 2)	8,535	10,395
GM Financial receivables, net (Note 4)(including SPE receivables of $10,001 and $3,444; Note 12)	14,278	4,044
Inventories (Note 6)	14,039	14,714
Equipment on operating leases, net (Note 7)	2,398	1,782
Deferred income taxes (Note 18)	10,349	9,429
Other current assets	1,662	1,536
Total current assets	81,501	69,996
Non-current Assets		
Restricted cash and marketable securities (Note 5)	829	682
GM Financial receivables, net (Note 4)(including SPE receivables of $11,216 and $6,458; Note 12)	14,354	6,954
Equity in net assets of nonconsolidated affiliates (Note 8)	8,094	6,883
Property, net (Note 9)	25,867	24,196
Goodwill (Note 10)	1,560	1,973
Intangible assets, net (Note 11)	5,668	6,809
GM Financial equipment on operating leases, net (Note 7)(including SPE assets of $1,803 and $540; Note 12)	3,383	1,649
Deferred income taxes (Note 18)	22,736	27,922
Other assets	2,352	2,358
Total non-current assets	84,843	79,426
Total Assets	$ 166,344	$ 149,422
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable (principally trade)	$ 23,621	$ 25,166
Short-term debt and current portion of long-term debt (Note 14)		
Automotive (including certain debt at VIEs of $219 and $228; Note 12)	564	1,748
GM Financial (including certain debt at VIEs of $10,088 and $3,770; Note 12)	13,594	3,770
Accrued liabilities (Note 13)	24,633	23,308
Total current liabilities	62,412	53,992
Non-current Liabilities		
Long-term debt (Note 14)		
Automotive (including certain debt at VIEs of $23 and $122; Note 12)	6,573	3,424
GM Financial (including certain debt at VIEs of $9,330 and $5,608; Note 12)	15,452	7,108
Postretirement benefits other than pensions (Note 15)	5,897	7,309
Pensions (Note 15)	19,483	27,420
Other liabilities and deferred income taxes (Note 13)	13,353	13,169
Total non-current liabilities	60,758	58,430
Total Liabilities	123,170	112,422
Commitments and contingencies (Note 17)		
Equity (Note 21)		
Preferred stock, $0.01 par value		
Series A	3,109	5,536
Series B	—	4,855
Common stock, $0.01 par value	15	14
Additional paid-in capital	28,780	23,834
Retained earnings	13,816	10,057
Accumulated other comprehensive loss	(3,113)	(8,052)
Total stockholders' equity	42,607	36,244
Noncontrolling interests	567	756
Total Equity	43,174	37,000
Total Liabilities and Equity	$ 166,344	$ 149,422

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Years Ended December 31, 2013	2012	2011
Cash flows from operating activities			
Net income	$ 5,331	$ 6,136	$ 9,287
Depreciation, impairment charges and amortization expense	8,041	38,762	7,427
Foreign currency remeasurement and transaction losses	350	117	55
Amortization of discount and issuance costs on debt issues	114	188	160
Undistributed earnings of nonconsolidated affiliates and gain on investments	(92)	(179)	(1,947)
Pension contributions and OPEB payments	(1,458)	(3,759)	(2,269)
Pension and OPEB (income) expense, net	638	3,232	(755)
(Gains) losses on extinguishment of debt	212	250	(18)
Provision (benefit) for deferred taxes	1,561	(35,561)	(318)
Change in other operating assets and liabilities (Note 26)	(1,326)	630	(4,122)
Other operating activities	(741)	789	666
Net cash provided by operating activities	12,630	10,605	8,166
Cash flows from investing activities			
Expenditures for property	(7,565)	(8,068)	(6,249)
Available-for-sale marketable securities, acquisitions	(6,754)	(4,650)	(20,535)
Trading marketable securities, acquisitions	(3,214)	(6,234)	(6,571)
Available-for-sale marketable securities, liquidations	3,566	10,519	15,825
Trading marketable securities, liquidations	6,538	7,267	660
Acquisition of companies, net of cash acquired	(2,623)	(44)	(53)
Proceeds from sale of business units/investments, net of cash disposed	896	18	4,821
Increase in restricted cash and marketable securities	(984)	(661)	(728)
Decrease in restricted cash and marketable securities	1,107	1,526	2,067
Purchases and funding of finance receivables	(30,727)	(6,789)	(5,012)
Principal collections and recoveries on finance receivables	27,444	4,674	3,719
Purchases of leased vehicles, net	(2,254)	(1,050)	(837)
Proceeds from termination of leased vehicles	217	59	47
Other investing activities	(9)	(72)	106
Net cash used in investing activities	(14,362)	(3,505)	(12,740)
Cash flows from financing activities			
Net increase (decrease) in short-term debt	156	(247)	131
Proceeds from issuance of debt (original maturities greater than three months)	28,041	9,036	9,034
Payments on debt (original maturities greater than three months)	(20,191)	(7,377)	(8,468)
Payments to purchase stock	(2,438)	(5,098)	—
Dividends paid (including charge related to purchase of Series A Preferred Stock)	(1,687)	(939)	(916)
Other financing activities	(150)	(116)	(139)
Net cash provided by (used in) financing activities	3,731	(4,741)	(358)
Effect of exchange rate changes on cash and cash equivalents	(400)	(8)	(253)
Net increase (decrease) in cash and cash equivalents	1,599	2,351	(5,185)
Cash and cash equivalents at beginning of period	18,422	16,071	21,256
Cash and cash equivalents at end of period	$ 20,021	$ 18,422	$ 16,071
Significant Non-cash Activity			
Investing Cash Flows			
Non-cash property additions	$ 3,224	$ 3,879	$ 3,689
Financing Cash Flows			
Contribution of common stock to U.S. hourly and salaried pension plans (Note 15)			$ 1,864
Notes issued to settle CAW hourly retiree healthcare plan (Note 15)			$ 1,122
Mandatory conversion of Series B Preferred Stock into common stock (Note 21)	$ 4,854		

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF EQUITY
(In millions)

			Common Stockholders'					
	Series A Preferred Stock	Series B Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Equity
Balance December 31, 2010	$ 5,536	$ 4,855	$ 15	$ 24,257	$ 266	$ 1,251	$ 979	$ 37,159
Effect of adoption of amendments in ASU 2010-28 regarding goodwill impairment (Note 10)	—	—	—	—	(1,466)	—	—	(1,466)
Net income	—	—	—	—	9,190	—	97	9,287
Other comprehensive loss	—	—	—	—	—	(7,105)	(10)	(7,115)
Purchase of noncontrolling interest shares	—	—	—	41	—	(7)	(134)	(100)
Exercise of common stock warrants	—	—	—	11	—	—	—	11
Stock based compensation	—	—	—	219	—	—	—	219
Pension plan stock contribution (Note 15)	—	—	1	1,863	—	—	—	1,864
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(54)	(54)
Other	—	—	—	—	52	—	(7)	45
Balance December 31, 2011	5,536	4,855	16	26,391	7,183	(5,861)	871	38,991
Net income	—	—	—	—	6,188	—	(52)	6,136
Other comprehensive income (loss)	—	—	—	—	—	(2,191)	11	(2,180)
Purchase and retirement of common stock	—	—	(2)	(2,652)	(2,455)	—	—	(5,109)
Exercise of common stock warrants	—	—	—	5	—	—	—	5
Stock based compensation	—	—	—	89	—	—	—	89
Conversion of Series B Preferred Stock to common stock	—	—	—	1	—	—	—	1
Cash dividends on Series A Preferred Stock and cumulative dividends on Series B Preferred Stock	—	—	—	—	(859)	—	—	(859)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(80)	(80)
Other	—	—	—	—	—	—	6	6
Balance December 31, 2012	5,536	4,855	14	23,834	10,057	(8,052)	756	37,000
Net income	—	—	—	—	5,346	—	(15)	5,331
Other comprehensive income (loss)	—	—	—	—	—	4,939	(18)	4,921
Purchase and cancellation of Series A Preferred Stock	(2,427)	—	—	—	—	—	—	(2,427)
Exercise of common stock warrants	—	—	—	3	—	—	—	3
Stock based compensation	—	—	—	75	—	—	—	75
Conversion of Series B Preferred Stock to common stock	—	(4,855)	1	4,854	—	—	—	—
Cash dividends paid on Series A Preferred Stock, charge related to purchase of Series A Preferred Stock and dividends on Series B Preferred Stock	—	—	—	—	(1,587)	—	—	(1,587)
Dividends declared or paid to noncontrolling interest	—	—	—	—	—	—	(82)	(82)
Other	—	—	—	14	—	—	(74)	(60)
Balance December 31, 2013	$ 3,109	$ —	$ 15	$ 28,780	$ 13,816	$ (3,113)	$ 567	$ 43,174

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

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Basis of Presentation

General Motors Company was formed in 2009 originally as a Delaware limited liability company, Vehicle Acquisition Holdings LLC, and subsequently converted to a Delaware corporation, NGMCO, Inc. This company, which on July 10, 2009 acquired substantially all of the assets and assumed certain liabilities of General Motors Corporation through a Section 363 sale under Chapter 11 of the U.S. Bankruptcy Code (363 Sale) and changed its name to General Motors Company, is sometimes referred to in these consolidated financial statements for the periods on or subsequent to July 10, 2009 as "we," "our," "us," "ourselves," the "Company," "General Motors," or "GM." General Motors Corporation is sometimes referred to in these consolidated financial statements, for the periods on or before July 9, 2009, as "Old GM" as it is the predecessor entity solely for accounting and financial reporting purposes. Old GM was renamed Motors Liquidation Company (MLC), which was dissolved on December 15, 2011 and transferred its remaining assets and liabilities to the Motors Liquidation Company GUC Trust (GUC Trust).

We design, build and sell cars, trucks and automobile parts worldwide. We also provide automotive financing services through General Motors Financial Company, Inc. (GM Financial). We analyze the results of our business through our five segments: GM North America (GMNA), GM Europe (GME), GM International Operations (GMIO), GM South America (GMSA) and GM Financial. Nonsegment operations are classified as Corporate. Corporate includes certain centrally recorded income and costs, such as interest, income taxes and corporate expenditures and certain nonsegment specific revenues and expenses.

Principles of Consolidation

The consolidated financial statements include our accounts and those of our subsidiaries that we control due to ownership of a majority voting interest and our consolidated variable interest entities (VIEs) of which we are the primary beneficiary. We continually evaluate our involvement with VIEs to determine whether we have variable interests and are the primary beneficiary of the VIE. When these criteria are met, we are required to consolidate the VIE. Our share of earnings or losses of nonconsolidated affiliates is included in our consolidated operating results using the equity method of accounting when we are able to exercise significant influence over the operating and financial decisions of the affiliate. We use the cost method of accounting if we are not able to exercise significant influence over the operating and financial decisions of the affiliate. All intercompany balances and transactions have been eliminated in consolidation.

Certain prior year amounts were reclassified to conform to our current year presentation.

Use of Estimates in the Preparation of the Financial Statements

The consolidated financial statements are prepared in conformity with U.S. GAAP, which requires the use of estimates, judgments and assumptions that affect the amounts of assets and liabilities at the reporting date and the amounts of revenue and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and the resulting balances are reasonable; however, due to the inherent uncertainties in making estimates actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

GM Financial

The amounts presented for GM Financial have been adjusted to include the effect of our tax attributes on GM Financial's deferred tax positions and provision for income taxes since the date of acquisition, which are not applicable to GM Financial on a stand-alone basis, and to eliminate the effect of transactions between GM Financial and the other members of the consolidated group. Accordingly, the amounts presented will differ from those presented by GM Financial on a stand-alone basis.

Note 2. Significant Accounting Policies

The accounting policies which follow are utilized by our automotive and automotive financing operations, unless otherwise indicated.

Revenue Recognition

Automotive

Automotive net sales and revenue are primarily composed of revenue generated from the sale of vehicles. Vehicle sales are recorded when title and all risks and rewards of ownership have passed to our customers. For the majority of our automotive sales this occurs when a vehicle is released to the carrier responsible for transporting to a dealer and when collectability is reasonably assured. Vehicle sales are recorded when the vehicle is delivered to the dealer in most remaining cases. Provisions for recurring dealer and customer sales and leasing incentives, consisting of allowances and rebates, are recorded as reductions to Automotive net sales and revenue at the time of vehicle sales. All other incentives, allowances and rebates related to vehicles previously sold are recorded as reductions to Automotive net sales and revenue when announced.

Vehicle sales to daily rental car companies with guaranteed repurchase obligations are accounted for as operating leases. Estimated lease revenue is recorded ratably over the estimated term of the lease based on the difference between net sales proceeds and the guaranteed repurchase amount. The difference between the cost of the vehicle and estimated residual value is depreciated on a straight-line basis over the estimated term of the lease.

Automotive Financing — GM Financial

Finance income earned on receivables is recognized using the effective interest method for consumer financing receivables and accrual method for commercial financing receivables. Fees and commissions (including incentive payments) received and direct costs of originating loans are deferred and amortized over the term of the related finance receivables using the effective interest method and are removed from the consolidated balance sheets when the related finance receivables are sold, charged off or paid in full. Accrual of finance charge income is generally suspended on accounts that are more than 60 days delinquent, accounts in bankruptcy and accounts in repossession. Payments received on nonaccrual loans are first applied to any fees due, then to any interest due and then any remaining amounts are recorded to principal. Interest accrual generally resumes once an account has received payments bringing the delinquency to less than 60 days past due.

Income from operating lease assets, which includes lease origination fees, net of lease origination costs and incentives, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement.

Advertising and Promotion Expenditures

Advertising and promotion expenditures, which are expensed as incurred, were $5.5 billion, $5.4 billion and $5.2 billion in the years ended December 31, 2013, 2012 and 2011.

Research and Development Expenditures

Research and development expenditures, which are expensed as incurred, were $7.2 billion, $7.4 billion and $8.1 billion in the years ended December, 31 2013, 2012 and 2011.

Cash Equivalents

Cash equivalents are defined as short-term, highly-liquid investments with original maturities of 90 days or less.

Allowance for Doubtful Accounts

The following table summarizes activity in our allowance for doubtful accounts and notes receivable (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Balance at beginning of period	$ 311	$ 331	$ 252
Amounts charged (credited) to costs and expenses	61	(10)	159
Deductions	(24)	(46)	(83)
Other	(4)	36	3
Balance at end of period	$ 344	$ 311	$ 331

Fair Value Measurements

A three-level valuation hierarchy, based upon observable and unobservable inputs, is used for fair value measurements. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions based on the best evidence available. These two types of inputs create the following fair value hierarchy:

- Level 1 — Quoted prices for *identical* instruments in active markets;
- Level 2 — Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose significant inputs are observable; and
- Level 3 — Instruments whose significant inputs are *unobservable*.

Financial instruments are transferred in and/or out of Level 1, 2 or 3 at the beginning of the accounting period in which there is a change in the valuation inputs.

Marketable Securities

We classify marketable securities as available-for-sale or trading. Various factors, including turnover of holdings and investment guidelines, are considered in determining the classification of securities. Available-for-sale securities are recorded at fair value with unrealized gains and losses recorded net of related income taxes in Accumulated other comprehensive loss until realized. Trading securities are recorded at fair value with changes in fair value recorded in Interest income and other non-operating income, net. We determine realized gains and losses for all securities using the specific identification method.

We measure the fair value of our marketable securities using a market approach where identical or comparable prices are available and an income approach in other cases. Securities are classified in Level 1 when quoted prices in an active market for identical securities are available. If quoted market prices are not available, fair values of securities are determined using prices from a pricing service, pricing models, quoted prices of securities with similar characteristics or discounted cash flow models and are generally classified in Level 2. These prices represent non-binding quotes. U.S. government and agency securities, sovereign debt and corporate debt securities are classified in Level 2. Our pricing service utilizes industry-standard pricing models that consider various inputs, including benchmark yields, reported trades, broker/dealer quotes, issuer spreads and benchmark securities as well as other relevant economic measures. We conduct an annual review of our pricing service. This review includes discussion and analysis of the inputs used by the pricing service to provide prices for the types of securities we hold. These inputs include prices for comparable securities, bid/ask quotes, interest rate yields and prepayment speeds. Based on our review we believe the prices received from our pricing service are a reliable representation of exit prices. Securities are classified in Level 3 in certain cases where there are unobservable inputs to the valuation in the marketplace. Level 3 financial instruments typically include, in addition to the unobservable inputs, observable components that are validated to external sources.

An evaluation is made quarterly to determine if unrealized losses related to non-trading investments in securities are other-than-temporary. Factors considered in determining whether a loss on a marketable security is other-than-temporary include: (1) the length of time and extent to which the fair value has been below cost; (2) the financial condition and near-term prospects of the issuer; and (3) the intent to sell or likelihood to be forced to sell the security before any anticipated recovery.

Finance Receivables

As the result of our October 2010 acquisition of GM Financial and GM Financial's acquisition of the Ally Financial, Inc. (Ally Financial) international operations, finance receivables are reported in two portfolios: pre-acquisition and post-acquisition portfolios. The pre-acquisition finance receivables portfolio consists of finance receivables that were considered to have had deterioration in credit quality at the time they were acquired with the acquisition of GM Financial or the acquisition of the Ally Financial international operations. The pre-acquisition portfolio will decrease over time with the amortization of the acquired receivables. The post-acquisition finance receivables portfolio consists of finance receivables that were considered to have had no deterioration in credit quality at the time they were acquired with the acquisition of the Ally Financial international operations and finance receivables originated since the acquisitions of GM Financial and the Ally Financial international operations. The post-acquisition portfolio is expected to grow over time as GM Financial originates new receivables.

Pre-Acquisition Consumer Finance Receivables

At the time of acquisitions the receivables were recorded at fair value. The pre-acquisition finance receivables were acquired at a discount, which contains two components: a non-accretable difference and an accretable yield. The accretable yield is recorded as finance charge income over the life of the acquired receivables.

Any deterioration in the performance of the pre-acquisition finance receivables from their expected performance will result in an incremental provision for loan losses. Improvements in the performance of the pre-acquisition finance receivables will result first in the reversal of any incremental related allowance for loan losses and then in a transfer of the excess from the non-accretable difference to accretable yield, which will be recorded as finance charge income over the remaining life of the receivables.

Post-Acquisition Consumer Finance Receivables and Allowance for Loan Losses

Post-acquisition finance receivables originated since the acquisitions of GM Financial and the Ally Financial international operations are carried at amortized cost, net of allowance for loan losses.

The component of the allowance for consumer finance receivables that are collectively evaluated for impairment is based on a statistical calculation supplemented by management judgment. GM Financial uses a combination of forecasting models to determine the allowance for loan losses. Factors that are considered when estimating the allowance include loss confirmation period, historical delinquency migration to loss, probability of default and loss given default. The loss confirmation period is a key assumption within the models, which represents the average amount of time between when a loss event first occurs to when the receivable is charged-off.

Consumer finance receivables that become classified as troubled debt restructurings (TDRs) are separately assessed for impairment. A specific allowance is estimated based on the present value of the expected future cash flows of the receivable discounted at the loan's original effective interest rate.

The finance receivables acquired with Ally Financial international operations that were considered to have no deterioration in credit quality at the time of acquisition were recorded at fair value. The purchase discount will accrete to income over the life of the receivables, based on contractual cash flows, using the effective interest method. Provisions for loan losses are charged to operations in amounts equal to net credit losses for the period. Any subsequent deterioration in the performance of the acquired receivables will result in an incremental provision for loan losses.

Inventory

Inventories are stated at the lower of cost or market. Market, which represents selling price less cost to sell, considers general market and economic conditions, periodic reviews of current profitability of vehicles, product warranty costs and the effect of current and expected incentive offers at the balance sheet date. Market for off-lease and other vehicles is current auction sales proceeds less disposal and warranty costs. Productive material, work in process, supplies and service parts are reviewed to determine if inventory quantities are in excess of forecasted usage or if they have become obsolete.

Equipment on Operating Leases, net

Equipment on operating leases, net is reported at cost, less accumulated depreciation, net of origination fees or costs, and lease incentives. Estimated income from operating lease assets, which includes lease origination fees, net of lease origination costs, is recorded as operating lease revenue on a straight-line basis over the term of the lease agreement. Leased vehicles are depreciated on a straight-line basis to an estimated residual value over the term of the lease agreements.

We have significant investments in vehicles in operating lease portfolios, which are composed of vehicle leases to retail customers with lease terms of up to 60 months and vehicles leased to rental car companies with lease terms that average eight months or less. We are exposed to changes in the residual values of those assets. For impairment purposes the residual values represent estimates of the values of the vehicles leased at the end of the lease contracts and are determined based on forecasted auction proceeds when there is a reliable basis to make such a determination. Realization of the residual values is dependent on the future ability to market the vehicles under the prevailing market conditions. The adequacy of the estimate of the residual value is evaluated over the life of the lease and adjustments may be made to the extent the expected value of the vehicle at lease termination changes. Adjustments may be in the form of revisions to the depreciation rate or recognition of an impairment charge. Impairment is determined to exist if the expected future cash flows, which include estimated residual values, are lower than the carrying amount of the vehicles leased. If the carrying amount is considered impaired, an impairment charge is recorded for the amount by which the carrying amount exceeds the fair value. Fair value is determined primarily using the anticipated cash flows, including estimated residual values.

In our Automotive operations when a leased vehicle is returned the asset is reclassified from Equipment on operating leases, net to Inventories at the lower of cost or estimated selling price, less cost to sell. In our Automotive Finance operations when a leased vehicle is returned or repossessed the asset is recorded in Other assets at the lower of cost or estimated selling price, less costs to sell. Upon disposition a gain or loss is recorded for any difference between the net book value of the leased asset and the proceeds from the disposition of the asset.

Impairment charges related to Equipment on operating leases, net are recorded in Automotive cost of sales or GM Financial operating and other expenses.

Valuation of Cost and Equity Method Investments

When events and circumstances warrant, investments accounted for under the cost or equity method of accounting are evaluated for impairment. An impairment charge is recorded whenever a decline in value of an investment below its carrying amount is determined to be other-than-temporary. In determining if a decline is other-than-temporary, factors such as the length of time and extent to which the fair value of the investment has been less than the carrying amount of the investment, the near-term and longer-term operating and financial prospects of the affiliate and the intent and ability to hold the investment for a period of time sufficient to allow for any anticipated recovery are considered. Impairment charges related to equity method investments are recorded in Equity income and gain on investments. Impairment charges related to cost method investments are recorded in Interest income and other non-operating income, net.

Property, net

Property, plant and equipment, including internal use software, is recorded at cost. Major improvements that extend the useful life or add functionality of property are capitalized. The gross amount of assets under capital leases is included in property, plant and equipment. Expenditures for repairs and maintenance are charged to expense as incurred. We depreciate all depreciable property using the straight-line method. Leasehold improvements are amortized over the period of lease or the life of the asset, whichever is shorter. The amortization of the assets under capital leases is included in depreciation expense. Upon retirement or disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recorded in earnings. Impairment charges related to property are recorded in Automotive cost of sales, Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Special Tools

Special tools represent product-specific powertrain and non-powertrain related tools, dies, molds and other items used in the vehicle manufacturing process. Expenditures for special tools are recorded at cost and are capitalized. We amortize all non-powertrain special tools over their estimated useful lives using an accelerated amortization method. We amortize powertrain special tools over their estimated useful lives using the straight-line method. Impairment charges related to special tools are recorded in Automotive cost of sales.

Goodwill

Goodwill arises from the application of fresh-start reporting and acquisitions accounted for as business combinations. Goodwill is tested for impairment for all reporting units on an annual basis during the fourth quarter, or more frequently if events occur or circumstances change that would warrant such a review. When the fair value of a reporting unit falls below its carrying amount an impairment charge is recorded for the amount, if any, by which the carrying amount of goodwill exceeds its implied fair value. Fair values of reporting units are established using a discounted cash flow method. Where available and as appropriate, comparative market multiples and the quoted market price for our common stock are used to corroborate the results of the discounted cash flow method. Our reporting units are GMNA and GME and various reporting units within the GMIO, GMSA and GM Financial segments. Due to the integrated nature of our manufacturing operations and the sharing of assets, other resources and vehicle platforms among brands within GMNA and GME and because financial information by brand or country is not discrete below the operating segment level, GMNA and GME do not contain reporting units below the operating segment level. GMIO, GMSA and GM Financial are less integrated given the lack of regional trade pacts and other unique geographical differences and thus contain separate reporting units below the operating segment level. Goodwill would be reassigned on a relative-fair-value basis to a portion of a reporting unit to be disposed of or upon the reorganization of the composition of one or more of our reporting units, unless the reporting unit was never integrated.

Intangible Assets, net

Intangible assets, excluding Goodwill, primarily include brand names (including defensive intangibles associated with discontinued brands), technology and intellectual property, customer relationships and dealer networks.

Intangible assets are amortized on a straight-line or an accelerated method of amortization over their estimated useful lives. An accelerated amortization method reflecting the pattern in which the asset will be consumed is utilized if that pattern can be reliably determined. We consider the period of expected cash flows and underlying data used to measure the fair value of the intangible assets when selecting a useful life. Impairment charges related to intangible assets are recorded in Automotive selling, general and administrative expense or Automotive cost of sales.

Amortization of developed technology and intellectual property is recorded in Automotive cost of sales. Amortization of brand names, customer relationships and our dealer networks is recorded in Automotive selling, general and administrative expense or GM Financial operating and other expenses.

Valuation of Long-Lived Assets

The carrying amount of long-lived assets and finite-lived intangible assets to be held and used in the business are evaluated for impairment when events and circumstances warrant. If the carrying amount of a long-lived asset group is considered impaired, a loss is recorded based on the amount by which the carrying amount exceeds fair value. Product-specific long-lived asset groups are tested for impairment at the platform or vehicle line level and consider their geographical location. Non-product specific long-lived assets are tested for impairment on a reporting unit basis in GMNA and GME and tested at or within our various reporting units within our GMIO, GMSA and GM Financial segments. Fair value is determined using either the market or sales comparison approach, cost approach or anticipated cash flows discounted at a rate commensurate with the risk involved. Long-lived assets to be disposed of other than by sale are considered held for use until disposition. Product-specific assets may become impaired as a result of declines in profitability due to changes in volume, pricing or costs.

Pension and Other Postretirement Plans

Attribution, Methods and Assumptions

The cost of benefits provided by defined benefit pension plans is recorded in the period employees provide service. The cost of pension plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be: (1) the duration of the applicable collective bargaining agreement specific to the plan; (2) expected future working lifetime; or (3) the life expectancy of the plan participants.

The cost of medical, dental, legal service and life insurance benefits provided through postretirement benefit plans is recorded in the period employees provide service. The cost of postretirement plan amendments that provide for benefits already earned by plan participants is amortized over the expected period of benefit which may be the average period to full eligibility or the average life expectancy of the plan participants, or the period to the plan’s termination date for a plan which provides legal services.

An expected return on plan asset methodology is utilized to calculate future pension expense for certain significant funded benefit plans. A market-related value of plan assets methodology is also utilized that averages gains and losses on the plan assets over a period of years to determine future pension expense. The methodology recognizes 60% of the difference between the fair value of assets and the expected calculated value in the first year and 10% of that difference over each of the next four years.

The discount rate assumption is established for each of the retirement-related benefit plans at their respective measurement dates. In the U.S. we use a cash flow matching approach that uses projected cash flows matched to spot rates along a high quality corporate yield curve to determine the present value of cash flows to calculate a single equivalent discount rate.

The benefit obligation for pension plans in Canada, the United Kingdom and Germany represents 92% of the non-U.S. pension benefit obligation at December 31, 2013. The discount rates for plans in Canada, the United Kingdom and Germany are determined using a cash flow matching approach, similar to the U.S. approach.

In countries other than the U.S., Canada, the United Kingdom and those located in the Eurozone discount rates are established depending on the local financial markets, using a high quality yield curve based on local bonds, a yield curve adjusted to reflect local conditions or local actuarial standards.

Plan Asset Valuation

Cash Equivalents and Other Short-Term Investments

Money market funds and other similar short-term investment funds are valued using the net asset value per share (NAV). Prices for short-term debt securities are received from independent pricing services or from dealers who make markets in such securities. Independent pricing services utilize matrix pricing which considers readily available inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices. Money market mutual funds which provide investors with the ability to redeem their interests on a daily basis and for which NAVs are publicly available are classified in Level 1. Other cash equivalents and short-term investments are classified in Level 2.

Common and Preferred Stock

Common and preferred stock for which market prices are readily available at the measurement date are valued at the last reported sale price or official closing price on the primary market or exchange on which they are actively traded and are classified in Level 1. Such equity securities for which the market is not considered to be active are valued via the use of observable inputs, which may include, among others, the use of adjusted market prices last available, bids or last available sales prices and/or other observable inputs and are classified in Level 2. Common and preferred stock classified in Level 3 are those privately issued securities or other issues that are valued via the use of valuation models using significant unobservable inputs that generally consider among others, aged (stale) pricing, earnings multiples, discounted cash flows and/or other qualitative and quantitative factors.

Fixed Income Securities

Fixed income securities are valued based on quotations received from independent pricing services or from dealers who make markets in such securities. Debt securities which are priced via the use of pricing services that utilize matrix pricing which considers readily observable inputs such as the yield or price of bonds of comparable quality, coupon, maturity and type as well as dealer supplied prices, are classified in Level 2. Fixed income securities within this category that are typically priced by dealers and pricing services via the use of proprietary pricing models which incorporate significant unobservable inputs are classified in Level 3. These inputs primarily consist of yield and credit spread assumptions, discount rates, prepayment curves, default assumptions and recovery rates.

Investment Funds, Private Equity and Debt Investments and Real Estate Investments

Investments in exchange traded funds, real estate investment trusts and mutual funds, for which market quotations are generally readily available, are valued at the last reported sale price, official closing price or publicly available NAV (or its equivalent) on the primary market or exchange on which they are traded and are classified in Level 1. Investments in private investment funds (including hedge funds, private equity funds and real estate funds) are generally valued based on their respective NAV (or its equivalent), as a practical expedient to estimate fair value due to the absence of readily available market prices. Investments in private investment funds, which may be fully redeemed at NAV in the near-term are generally classified in Level 2. Investments in funds, which may not be fully redeemed at NAV in the near-term, are generally classified in Level 3.

Direct investments in private equity, private debt and real estate securities, are generally valued in good faith via the use of the market approach (earnings multiples from comparable companies) or the income approach (discounted cash flow techniques), and consider inputs such as revenue growth and gross margin assumptions, discount rates, discounts for lack of liquidity, market capitalization rates, and the selection of comparable companies. As these valuations incorporate significant unobservable inputs they are classified in Level 3.

Fair value estimates for private investment funds, private equity, private debt and real estate investments are provided by the respective investment sponsors or investment advisers and are subsequently reviewed and approved by management. In the event management concludes a reported NAV or fair value estimate (collectively, external valuation) does not reflect fair value or is not determined as of the financial reporting measurement date, we will consider whether and when deemed necessary to make an adjustment at the balance sheet date. In determining whether an adjustment to the external valuation is required, we will review material factors that could affect the valuation, such as changes to the composition or performance of the underlying investments or comparable investments, overall market conditions, expected sale prices for private investments which are probable of being sold in the short term and other economic factors that may possibly have a favorable or unfavorable effect on the reported external valuation.

Derivatives

Exchange traded derivatives, such as options and futures, for which market quotations are readily available, are valued at the last reported sale price or official closing price on the primary market or exchange on which they are traded and are classified in Level 1. Over-the-counter derivatives, including but not limited to swaps, swaptions and forwards, which are typically valued through independent pricing services with observable inputs are generally classified in Level 2. Swaps that are cleared by clearinghouses or exchanges are valued with the prices provided by those venues and are generally classified in Level 2. Derivatives classified in Level 3 are typically valued via the use of pricing models which incorporate significant unobservable inputs, but may also include derivatives which are valued with the use of significant observable inputs which are not subject to corroboration. The inputs part of the model based valuations may include extrapolated or model-derived assumptions such as volatilities, yield and credit spread assumptions.

Due to the lack of timely available market information for certain investments in the asset classes described above as well as the inherent uncertainty of valuation, reported fair values may differ from fair values that would have been used had timely available market information been available.

Job Security Programs and Extended Disability Benefits

We have job security programs to provide International Union, United Automobile, Aerospace and Agriculture Implement Workers of America (UAW) and Canadian Auto Workers Union (CAW) employees reduced wages and continued coverage under certain employee benefit programs depending on the employee's classification as well as the number of years of service that the employee has accrued. We also provide extended disability benefits for employees currently disabled and those in the active workforce who may become disabled in the form of income replacement, healthcare costs and life insurance premiums.

We recognize a liability for job security programs and extended disability benefits over the expected service period using measurement provisions similar to those used to measure our other postretirement benefits (OPEB) obligations based on our best estimate of the probable liability at the measurement date. We record actuarial gains and losses immediately in earnings.

Stock Incentive Plans

We measure and record compensation expense for all share-based payment awards based on the award's estimated fair value which is the fair value of our common stock on the date of grant, or for restricted stock units (RSUs) granted prior to our public offering, the fair value of our common stock as of the date of the public offering. We record compensation cost for the awards on a straight-line basis over the entire vesting period, or for retirement eligible employees over the requisite service period. Salary stock awards granted are fully vested and nonforfeitable upon grant; therefore, compensation cost is recorded on the date of grant. The liability for stock incentive plan awards settled in cash is remeasured to fair value at the end of each reporting period.

Policy, Product Warranty and Recall Campaigns

The estimated costs related to policy and product warranties are accrued at the time products are sold and are charged to Automotive cost of sales. These estimates are established using historical information on the nature, frequency and average cost of claims of each vehicle line or each model year of the vehicle line and assumptions about future activity and events. Revisions are made when necessary based on changes in these factors. Trends of claims are actively studied and actions are taken to improve vehicle quality and minimize claims. The estimated costs related to product recalls based on a formal campaign soliciting return of that product are accrued when they are deemed to be probable and can be reasonably estimated.

Income Taxes

The liability method is used in accounting for income taxes. Deferred tax assets and liabilities are recorded for temporary differences between the tax basis of assets and liabilities and their reported amounts in the consolidated financial statements using the statutory tax rates in effect for the year in which the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recorded in the results of operations in the period that includes the enactment date under the law.

Deferred income tax assets are evaluated quarterly to determine if valuation allowances are required or should be adjusted. We establish valuation allowances for deferred tax assets based on a more likely than not standard. The ability to realize deferred tax assets depends on the ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The assessment regarding whether a valuation allowance is required or should be adjusted also considers all available positive and negative evidence factors.

It is difficult to conclude a valuation allowance is not required when there is significant objective and verifiable negative evidence, such as cumulative losses in recent years. We utilize a rolling three years of actual and current year results as the primary measure of cumulative losses in recent years.

Income tax expense (benefit) for the year is allocated between continuing operations and other categories of income such as Other comprehensive income (loss). In periods in which there is a pre-tax loss from continuing operations and pre-tax income in another income category, the tax benefit allocated to continuing operations is determined by taking into account the pre-tax income of other categories.

We record uncertain tax positions on the basis of a two-step process whereby: (1) we determine whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position; and (2) for those tax positions that meet the more likely than not recognition, we recognize the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. We record interest and penalties on uncertain tax positions in Income tax expense (benefit).

Foreign Currency Transactions and Translation

The assets and liabilities of foreign subsidiaries that use the local currency as their functional currency are translated to U.S. Dollars based on the current exchange rate prevailing at each balance sheet date and any resulting translation adjustments are included in Accumulated other comprehensive loss. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency and then translated to U.S. Dollars. Revenues and expenses are translated into U.S. Dollars using the average exchange rates prevailing for each period presented.

Gains and losses arising from foreign currency transactions and the effects of remeasurements discussed in the preceding paragraph are recorded in Automotive cost of sales and GM Financial operating and other expenses unless related to Automotive debt, which are recorded in Interest income and other non-operating income, net. Foreign currency transaction and remeasurement losses were $350 million, $117 million and $55 million in the years ended December 31, 2013, 2012 and 2011.

Recently Adopted Accounting Principles

On January 1, 2013 we adopted Accounting Standards Update (ASU) 2013-02, “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income.” This ASU does not change current requirements for reporting net income or other comprehensive income (OCI) in financial statements; rather, it requires certain disclosures of the amount of reclassifications of items from OCI to net income by component. The related disclosures are presented in Note 21.

Accounting Standards Not Yet Adopted

In July 2013 the FASB issued ASU 2013-11, “Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists” to eliminate diversity in practice. This ASU requires that companies net their unrecognized tax benefits against all same-jurisdiction net operating losses or tax credit carryforwards that would be used to settle the position with a tax authority. This new guidance is effective prospectively for annual reporting periods beginning on or after December 15, 2013 and interim periods therein. The adoption of this ASU will not have a material effect on our consolidated financial statements because it aligns with our current presentation.

Note 3. Acquisition of Businesses

Acquisition of Certain Ally Financial International Operations

In November 2012 GM Financial entered into a definitive agreement with Ally Financial to acquire 100% of the outstanding equity interests in the top level holding companies of its automotive finance and financial services operations in Europe and Latin America and a separate agreement to acquire Ally Financial's non-controlling equity interest in GMAC-SAIC Automotive Finance Company Limited (GMAC-SAIC), which conducts automotive finance and other financial services in China.

On April 1, 2013 GM Financial completed the acquisition of Ally Financial's European and Latin American automotive finance operations except for France, Portugal and Brazil; on June 1, 2013 it completed the acquisition of Ally Financial's automotive finance operations in France and Portugal; and on October 1, 2013 it completed the acquisition of Ally Financial's automotive finance operations in Brazil. The aggregate consideration for these acquisitions was $3.3 billion, subject to certain closing adjustments. Acquisition-related costs were insignificant. In addition GM Financial repaid loans of $1.4 billion that were assumed as part of the acquisitions. GM Financial recorded the fair value of the assets acquired and liabilities assumed on the acquisition dates. Certain amounts previously presented related to the acquisitions have been, and will continue to be, updated as a result of closing adjustments.

GM Financial's acquisition of Ally Financial's equity interest in GMAC-SAIC is subject to certain regulatory and other approvals and is expected to close in 2014. GM Financial expects to pay approximately $900 million to close this acquisition subject to certain closing adjustments.

The following table summarizes the aggregate consideration and the assets acquired and liabilities assumed at the acquisition dates before eliminations for net intercompany receivables of approximately $300 million (dollars in millions):

Cash	$ 607
Restricted cash	906
Finance receivables	15,144
Other assets, including identifiable intangible assets	769
Secured and unsecured debt	(12,833)
Other liabilities	(1,483)
Identifiable net assets acquired	3,110
Goodwill resulting from the acquisitions	144
Aggregate consideration	$ 3,254

The fair value of finance receivables was determined using a discounted cash flow approach. The contractual cash flows were adjusted for estimated prepayments, defaults, recoveries and servicing costs and discounted using a discount rate commensurate with risks and maturity inherent in the finance contracts. The contractually required payments receivable, cash flows expected to be collected and fair value for finance receivables acquired with deteriorated credit quality at the acquisition date were $799 million, $728 million and $601 million. The contractually required payments receivable, cash flows not expected to be collected and fair value for other acquired finance receivables were $15.6 billion, $303 million and $14.5 billion. The fair value of secured and unsecured debt was determined using quoted market prices when available and a discounted cash flow approach when not available.

We recorded goodwill in the amount of $144 million for the excess of the aggregate consideration over the fair value of the individual assets acquired and liabilities assumed and such amount is primarily attributed to the value of the incremental GM Financial business expected. The recorded goodwill is subject to further adjustment resulting from the finalization of closing balance sheet audits. Valuations and assumptions pertaining to income taxes are subject to change as additional information is obtained during the measurement period. All of the goodwill was assigned to the GM Financial segment and will be assigned to reporting units, which will be determined pending completion of the remaining acquisitions. The goodwill is not tax deductible.

The results of the acquired European and Latin American automotive finance operations are included in GM Financial's results beginning on the dates GM Financial completed each acquisition. The following table summarizes the actual amounts of revenue and earnings included in our consolidated financial statements as well as certain pro forma revenue and earnings of the combined entity had these acquisitions occurred as of January 1, 2012, without consideration of historical transactions between the acquired operations and us, as it is impracticable to obtain such information (dollars in millions):

	Acquired Operations' Amounts Included in Results For Year Ended December 31, 2013	Pro Forma-Combined for Years Ended	
		December 31, 2013	December 31, 2012
Total net sales and revenue	$ 968	$ 156,284	$ 154,161
Net income attributable to stockholders	$ 109	$ 5,492	$ 6,412

Acquisition of SAIC GM Investment Limited

In September 2012 we obtained control of SAIC GM Investment Limited, the holding company of General Motors India Private Limited and Chevrolet Sales India Private Limited (collectively GM India) with an 86% interest and consolidated GM India and recorded goodwill of $61 million. We also recognized a gain of $51 million which was recorded in Equity income and gain on investments. In addition we invested $125 million in GM India, which increased our interest in GM India to 90.8%. Refer to Note 8 for additional details on our investment in GM India prior to acquisition.

Note 4. GM Financial Receivables, net

In the year ended December 31, 2013 GM Financial acquired certain international operations in Europe and Latin America from Ally Financial that conduct consumer and commercial lending activities. All of the loans acquired were made on a secured basis.

The following table summarizes the components of consumer and commercial finance receivables, net (dollars in millions):

	December 31, 2013			December 31, 2012		
	Consumer	Commercial	Total	Consumer	Commercial	Total
Pre-acquisition finance receivables, outstanding amount	$ 1,294	$ —	$ 1,294	$ 2,162	$ —	$ 2,162
Pre-acquisition finance receivables, carrying amount	$ 1,174	$ —	$ 1,174	$ 1,958	$ —	$ 1,958
Post-acquisition finance receivables, net of fees	21,956	6,050	28,006	8,831	560	9,391
Finance receivables	23,130	6,050	29,180	10,789	560	11,349
Less: allowance for loan losses	(497)	(51)	(548)	(345)	(6)	(351)
GM Financial receivables, net	$ 22,633	$ 5,999	$ 28,632	$ 10,444	$ 554	$ 10,998
Fair value of GM Financial receivables, net			$ 28,668			$ 11,313

Of the total allowance for loan losses in the above table, $427 million and $266 million were current at December 31, 2013 and 2012.

GM Financial determined the fair value of consumer finance receivables using observable and unobservable inputs within a cash flow model. The inputs reflect assumptions regarding expected prepayments, deferrals, delinquencies, recoveries and charge-offs of the loans within the portfolio. The cash flow model produces an estimated amortization schedule of the finance receivables which is the basis for the calculation of the series of cash flows that derive the fair value of the portfolio. The series of cash flows is calculated and discounted using a weighted-average cost of capital (WACC) using unobservable debt and equity percentages, an unobservable cost of equity and an observable cost of debt based on companies with a similar credit rating and maturity profile as the portfolio. Macroeconomic factors could negatively affect the credit performance of the portfolio and therefore could potentially affect the assumptions used in GM Financial's cash flow model. Substantially all commercial finance receivables either have variable interest rates and maturities of one year or less, or were acquired or originated within the past year. Therefore, the carrying amount is considered to be a reasonable estimate of fair value.

GM Financial reviews its pre-acquisition finance receivables portfolios for differences between contractual cash flows and the cash flows expected to be collected to determine if the difference is attributable, at least in part, to credit quality. In the years ended December 31, 2013 and 2012 as a result of improvements in credit performance of the pre-acquisition finance receivables, GM Financial transferred the amount of excess cash flows from the non-accretable difference to accretable yield. GM Financial will recognize this excess as finance charge income over the remaining life of the portfolio.

The following table summarizes the activity for accretable yield (dollars in millions):

	Years Ended December 31,	
	2013	2012
Balance at beginning of period	$ 404	$ 737
Ally Financial international operations acquisition	127	
Accretion of accretable yield	(342)	(503)
Transfer from non-accretable difference	74	170
Effect of foreign currency	(8)	—
Balance at end of period	$ 255	$ 404

The following table summarizes activity for the allowance for loan losses on consumer and commercial finance receivables (dollars in millions):

	Years Ended December 31, (a)		
	2013	2012	2011
Balance at beginning of period	$ 351	$ 179	$ 26
Provision for loan losses	475	304	178
Charge-offs	(643)	(304)	(66)
Recoveries	362	172	41
Effect of foreign currency	3	—	—
Balance at end of period	$ 548	$ 351	$ 179

(a) The balances and activity of the allowance for commercial loan losses included in the amounts at and for the years ended December 31, 2013 and 2012 were insignificant.

Credit Quality

Consumer Finance Receivables

GM Financial uses proprietary scoring systems that measure the credit quality of the receivables using several factors, such as credit bureau information, consumer credit risk scores (e.g. FICO score) and contract characteristics. In addition to GM Financial's proprietary scoring systems GM Financial considers other individual consumer factors such as employment history, financial stability and capacity to pay. Subsequent to origination GM Financial reviews the credit quality of retail receivables based on customer payment activity. At the time of loan origination substantially all of GM Financial's international consumers have prime credit scores. In North America sub-prime is typically defined as a loan with a borrower that has a FICO score of less than 620. At December 31, 2013 and 2012 88% and 84% of the consumer finance receivables in North America were consumers with FICO scores less than 620.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

An account is considered delinquent if a substantial portion of a scheduled payment has not been received by the date such payment was contractually due. At December 31, 2013 and 2012 the accrual of finance charge income has been suspended on delinquent consumer finance receivables based on contractual amounts due of $642 million and $503 million.

GM Financial purchases consumer finance contracts from automobile dealers without recourse and, accordingly, the dealer has no liability to GM Financial if the consumer defaults on the contract. Finance receivables are collateralized by vehicle titles and GM Financial has the right to repossess the vehicle in the event the consumer defaults on the payment terms of the contract.

The following table summarizes the contractual amount of delinquent contracts, which is not materially different from the recorded investment of the consumer finance receivables (dollars in millions):

	December 31, 2013		December 31, 2012	
	Amount	Percent of Contractual Amount Due	Amount	Percent of Contractual Amount Due
Delinquent contracts				
31-to-60 days	$ 952	4.1%	$ 672	6.1%
Greater-than-60 days	408	1.7%	230	2.1%
Total finance receivables more than 30 days delinquent	1,360	5.8%	902	8.2%
In repossession	41	0.2%	31	0.3%
Total finance receivables more than 30 days delinquent or in repossession	$ 1,401	6.0%	$ 933	8.5%

Impaired Finance Receivables — Troubled Debt Restructurings

The following table summarizes the outstanding recorded investment for consumer finance receivables that are considered to be TDRs and the related allowance (dollars in millions):

	December 31, 2013	December 31, 2012
Outstanding recorded investment	$ 767	$ 228
Less: allowance for loan losses	(103)	(32)
Outstanding recorded investment, net of allowance	$ 664	$ 196
Unpaid principal balance	$ 779	$ 232

Commercial Finance Receivables

GM Financial's commercial finance receivables consist of dealer financings. A proprietary model is used to assign a risk rating to each dealer. A credit review of each dealer is performed at least annually and, if necessary, the dealer's risk rating is adjusted on the basis of the review. At December 31, 2013 and 2012 the commercial finance receivables or loans on non-accrual status were insignificant.

The following table summarizes the credit risk profile by dealer grouping of the commercial finance receivables (dollars in millions):

	December 31, 2013	December 31, 2012
Group I — Dealers with strong to superior financial metrics	$ 549	$ 99
Group II — Dealers with fair to favorable financial metrics	1,460	278
Group III — Dealers with marginal to weak financial metrics	1,982	171
Group IV — Dealers with poor financial metrics	1,462	12
Group V — Dealers warranting special mention due to potential weaknesses	385	
Group VI — Dealers with loans classified as substandard, doubtful or impaired	212	
	$ 6,050	$ 560

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The credit lines for Group VI dealers are suspended and no further funding is extended to these dealers.

Note 5. Marketable Securities

The following table summarizes information regarding marketable securities (dollars in millions):

	Fair Value Level	December 31, 2013		December 31, 2012	
		Cost	Fair Value	Cost	Fair Value
Cash and cash equivalents					
Available-for-sale securities					
U.S. government and agencies	2	$ 1,437	$ 1,437	$ 4,190	$ 4,190
Sovereign debt	2	515	515	—	—
Money market funds	1	1,262	1,262	1,799	1,799
Corporate debt	2	7,598	7,598	3,222	3,222
Total available-for-sale securities		$ 10,812	10,812	$ 9,211	9,211
Trading securities					
Sovereign debt	2		—		1,408
Corporate debt	2		25		—
Total trading securities			25		1,408
Total marketable securities classified as cash equivalents			10,837		10,619
Cash, cash equivalents and time deposits			9,184		7,803
Total cash and cash equivalents			$ 20,021		$ 18,422
Marketable securities — current					
Available-for-sale securities					
U.S. government and agencies	2	$ 5,343	$ 5,344	$ 1,231	$ 1,231
Corporate debt	2	1,867	1,869	2,465	2,505
Equity and sovereign debt	1 & 2	22	22	30	51
Total available-for-sale securities		$ 7,232	7,235	$ 3,726	3,787
Trading securities — Sovereign debt	2		1,737		5,201
Total marketable securities — current			8,972		8,988
Marketable securities — non-current					
Available-for-sale securities — Investment in Peugeot S.A.	1	$ —	—	$ 179	179
Total marketable securities			$ 8,972		$ 9,167
Restricted cash and marketable securities					
Available-for-sale securities					
Money market funds	1	$ 897	$ 897	$ 933	$ 933
Other	2	34	35	198	199
Total marketable securities classified as restricted cash and marketable securities		$ 931	932	$ 1,131	1,132
Restricted cash and cash equivalents and time deposits			1,144		236
Total restricted cash and marketable securities			$ 2,076		$ 1,368

We are required to post cash and marketable securities as collateral as part of certain agreements that we enter into as part of our operations. Cash and marketable securities subject to contractual restrictions and not readily available are classified as Restricted cash and marketable securities. Restricted cash and marketable securities are invested in accordance with the terms of the underlying agreements and include amounts related to various deposits, escrows and other cash collateral.

Sales proceeds from investments classified as available-for-sale and sold prior to maturity were $4.7 billion, $4.7 billion and $1.6 billion in the years ended December 31, 2013, 2012 and 2011.

The following table summarizes the amortized cost and the fair value of investments classified as available-for-sale by contractual maturity at December 31, 2013 (dollars in millions):

	Amortized Cost	Fair Value
Due in one year or less	$ 14,879	$ 14,881
Due after one year through five years	1,937	1,939
Total contractual maturities of available-for-sale securities	$ 16,816	$ 16,820

Cumulative unrealized gains and losses on available-for-sale securities and net unrealized gains (losses) on trading securities were insignificant at and in the years ended December 31, 2013, 2012 and 2011.

Peugeot S.A.

In December 2013 we sold our seven percent investment in Peugeot S. A. (PSA) common stock for $339 million, net of disposal costs and we recorded a net gain of $152 million in Interest income and other non-operating income, net.

At December 31, 2012 we measured the fair value of our investment in PSA common stock using the published stock price and determined the carrying amount of our investment in PSA common stock exceeded its fair value. PSA's stock price had shown no sustained signs of recovery towards the price at which we acquired it in March 2012. Based upon the 55% decline in PSA common stock price since our acquisition and the nine month duration of the impairment, combined with our fourth quarter reassessment of our European automotive operations, we concluded that the impairment of our investment in PSA common stock was other-than-temporary. As a result we transferred the total unrealized losses from Accumulated other comprehensive loss to Interest income and other non-operating income, net resulting in an impairment charge of $220 million.

Note 6. Inventories

The following table summarizes the components of Inventories (dollars in millions):

	December 31, 2013	December 31, 2012
Productive material, supplies and work in process	$ 5,872	$ 6,560
Finished product, including service parts	8,167	8,154
Total inventories	$ 14,039	$ 14,714

Note 7. Equipment on Operating Leases, net

Automotive

Equipment on operating leases, net is composed of vehicle sales to daily rental car companies. The following table summarizes information related to Equipment on operating leases, net (dollars in millions):

	December 31, 2013	December 31, 2012
Equipment on operating leases	$ 2,605	$ 1,946
Less: accumulated depreciation	(207)	(164)
Equipment on operating leases, net	$ 2,398	$ 1,782

The following table summarizes depreciation expense and impairment charges related to Equipment on operating leases, net (dollars in millions):

	Years Ended December 31, 2013	2012	2011
Depreciation expense	$ 218	$ 227	$ 431
Impairment charges	$ 168	$ 181	$ 151

Automotive Financing — GM Financial

GM Financial originates leases in the U.S. and Canada that are recorded as operating leases. A Canadian subsidiary of GM Financial originates and sells leases to a third-party with servicing retained. The following table summarizes GM Financial equipment on operating leases, net (dollars in millions):

	December 31, 2013	December 31, 2012
GM Financial equipment on operating leases	$ 4,025	$ 1,910
Less: accumulated depreciation	(642)	(261)
GM Financial equipment on operating leases, net	$ 3,383	$ 1,649

Depreciation expense related to GM Financial equipment on operating leases, net was $450 million, $205 million and $70 million in the years ended December 31, 2013, 2012 and 2011.

The following table summarizes minimum rental payments due to GM Financial as lessor under operating leases (dollars in millions):

	2014	2015	2016	2017	2018
Minimum rental receipts under operating leases	$ 628	$ 512	$ 266	$ 43	$ 4

Note 8. Equity in Net Assets of Nonconsolidated Affiliates

Nonconsolidated affiliates are entities in which an equity ownership interest is maintained and for which the equity method of accounting is used, due to the ability to exert significant influence over decisions relating to their operating and financial affairs.

The following table summarizes information regarding Equity income and gain on investments (dollars in millions):

	Years Ended December 31, 2013	2012	2011
China joint ventures (China JVs)	$ 1,763	$ 1,521	$ 1,511
New Delphi (including gain on disposition)	—	—	1,727
Others (including gain on acquisition of GM India)	47	41	(46)
Total equity income and gain on investments	$ 1,810	$ 1,562	$ 3,192

Sales and income of our joint ventures are not consolidated into our financial statements; rather, our proportionate share of the earnings of each joint venture is reflected as Equity income and gain on investments.

We received dividends from nonconsolidated affiliates of $1.7 billion, $1.4 billion and $1.2 billion in the years ended December 31, 2013, 2012 and 2011. At December 31, 2013 and 2012 we had undistributed earnings including dividends declared but not received, of $1.8 billion and $1.7 billion related to our nonconsolidated affiliates.

Investment in China JVs

The following table summarizes our direct ownership interests in China JVs:

	December 31, 2013	December 31, 2012
Shanghai General Motors Co., Ltd. (SGM)	50%	50%
Shanghai GM Norsom Motor Co., Ltd. (SGM Norsom)	25%	25%
Shanghai GM Dong Yue Motors Co., Ltd. (SGM DY)	25%	25%
Shanghai GM Dong Yue Powertrain (SGM DYPT)	25%	25%
SAIC-GM-Wuling Automobile Co., Ltd.	44%	44%
FAW-GM Light Duty Commercial Vehicle Co., Ltd.	50%	50%
Pan Asia Technical Automotive Center Co., Ltd.	50%	50%
Shanghai OnStar Telematics Co., Ltd. (Shanghai OnStar)	40%	40%
Shanghai Chengxin Used Car Operation and Management Co., Ltd. (Shanghai Chengxin Used Car)	33%	33%
SAIC General Motors Sales Co., Ltd. (SGMS)	49%	49%

SGM is a joint venture established by Shanghai Automotive Industry Corporation (SAIC) (50%) and us (50%). SGM has interests in three other joint ventures in China: SGM Norsom, SGM DY and SGM DYPT. These three joint ventures are jointly held by SGM (50%), SAIC (25%) and us (25%). These four joint ventures are engaged in the production, import, and sale of a comprehensive range of products under the Buick, Chevrolet and Cadillac brands. SGM also has interests in Shanghai OnStar (20%) and Shanghai Chengxin Used Car (33%). SGM also has a 20% equity interest in GMAC-SAIC, a joint venture established by General Motors Acceptance Corporation (now Ally Financial) (40%) and SAIC Finance Co., Ltd. (40%).

SGMS is a joint venture established in November 2011 by SAIC (51%) and us (49%) to engage in the sales of the imported Buick, Chevrolet and Cadillac brands and the sales of automobiles manufactured by SGM.

In September 2012 we repurchased a 1% interest in SGM for a total consideration of $119 million, increasing our ownership interest in SGM to 50%. The transaction was accounted for by applying the equity method of accounting. The consideration exceeded our proportionate share of the 1% interest in SGM net assets by $82 million, which consists of plant, property and equipment, intangible assets and goodwill of $8 million, $36 million and $38 million.

Sale of New Delphi

In March 2011 we sold our Class A Membership Interests in Delphi Automotive LLP (New Delphi) to New Delphi for $3.8 billion. The Class A Membership Interests sold represented 100% of our direct and indirect interests in New Delphi and 100% of New Delphi's Class A Membership Interests issued and outstanding. The sale terminated any direct and indirect obligation to loan New Delphi up to $500 million under a term loan facility established in October 2009 when New Delphi was created and the Class A Membership Interests were issued. New Delphi had not borrowed under this loan facility. In March 2011 we recorded a gain of $1.6 billion related to the sale in Equity income and gain on investments. Our existing supply contracts with New Delphi were not affected by this transaction.

Investment in GM India

In March 2011 the fair value of our investment in GM India was determined to be less than its carrying amount. The loss in value was determined to be other-than-temporary; therefore, we recorded an impairment charge of $39 million in the three months ended March 31, 2011. In addition we recorded other charges totaling $67 million related to our investment in GM India. Refer to Note 3 for detail regarding the acquisition of GM India.

Investment in and Summarized Financial Data of Nonconsolidated Affiliates

The following table summarizes the carrying amount of investments in nonconsolidated affiliates (dollars in millions):

	December 31, 2013	December 31, 2012
China JVs	$ 7,851	$ 6,579
Other investments	243	304
Total equity in net assets of nonconsolidated affiliates	$ 8,094	$ 6,883

At December 31, 2013 and 2012 the carrying amount of our investments in certain joint ventures exceeded our share of the underlying net assets by $3.8 billion. These differences are primarily related to the application of fresh-start reporting and purchase of additional interests in nonconsolidated affiliates, of which $3.4 billion at December 31, 2013 and 2012 were allocated to goodwill and the remainder was allocated to the underlying assets and liabilities, primarily intangibles, and are being amortized over their useful lives.

The following tables present summarized financial data for all of our nonconsolidated affiliates (dollars in millions):

	December 31, 2013			December 31, 2012		
	China JVs	Others	Total	China JVs	Others	Total
Summarized Balance Sheet Data						
Current assets	$ 14,666	$ 2,234	$ 16,900	$ 11,759	$ 2,642	$ 14,401
Non-current assets	8,187	1,458	9,645	6,766	1,507	8,273
Total assets	$ 22,853	$ 3,692	$ 26,545	$ 18,525	$ 4,149	$ 22,674
Current liabilities	$ 14,019	$ 1,859	$ 15,878	$ 12,612	$ 1,893	$ 14,505
Non-current liabilities	1,065	511	1,576	756	758	1,514
Total liabilities	$ 15,084	$ 2,370	$ 17,454	$ 13,368	$ 2,651	$ 16,019
Non-controlling interests	$ 1,040	$ —	$ 1,040	$ 1,055	$ 1	$ 1,056

	Years Ended December 31,		
	2013	2012	2011
Summarized Operating Data			
China JV's net sales	$ 38,767	$ 33,364	$ 30,511
Others' net sales	1,830	3,963	4,242
Total net sales	$ 40,597	$ 37,327	$ 34,753
China JV's net income	$ 3,685	$ 3,198	$ 3,203
Others' net income (loss)	50	(23)	(13)
Total net income	$ 3,735	$ 3,175	$ 3,190

Transactions with Nonconsolidated Affiliates

Nonconsolidated affiliates are involved in various aspects of the development, production and marketing of cars, trucks and automobile parts. We purchase component parts and vehicles from certain nonconsolidated affiliates for resale to dealers. We also sell component parts and vehicles to certain nonconsolidated affiliates. The following tables summarize the effects of transactions with nonconsolidated affiliates (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Results of Operations			
Automotive sales and revenue	$ 2,724	$ 2,572	$ 3,266
Automotive purchases, net	$ 724	$ 497	$ 1,044
Interest income and other non-operating income, net	$ 19	$ 184	$ 34

	December 31, 2013	December 31, 2012
Financial Position		
Accounts and notes receivable, net	$ 756	$ 1,668
Accounts payable	$ 183	$ 167
Deferred revenue and customer deposits	$ 32	$ 46

	Years Ended December 31,		
	2013	2012	2011
Cash Flows			
Operating	$ 3,607	$ 3,385	$ 3,624
Investing	$ (13)	$ (41)	$ (27)

Note 9. Property, net

The following table summarizes the components of Property, net (dollars in millions):

	Estimated Useful Lives in Years	December 31, 2013	December 31, 2012
Land		$ 1,868	$ 2,107
Buildings and improvements	5-40	4,971	4,601
Machinery and equipment	3-27	15,222	12,720
Construction in progress		2,644	3,018
Real estate, plants and equipment		24,705	22,446
Less: accumulated depreciation		(6,787)	(5,556)
Real estate, plants and equipment, net		17,918	16,890
Special tools, net	1-15	7,949	7,306
Total property, net		$ 25,867	$ 24,196

The amount of interest capitalized and excluded from Automotive interest expense related to Property, net was $81 million, $117 million and $91 million in the years ended December 31, 2013, 2012 and 2011.

The following table summarizes the amount of capitalized software included in Property, net (dollars in millions):

	December 31, 2013	December 31, 2012
Capitalized software in use, net	$ 580	$ 465
Capitalized software in the process of being developed	$ 50	$ 108

The following table summarizes depreciation, impairment charges and amortization expense related to Property, net, recorded in Automotive cost of sales, GM Financial operating and other expenses, and Automotive selling, general and administrative expense (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Depreciation and amortization expense	$ 3,959	$ 3,888	$ 3,604
Impairment charges (a)	901	3,793	81
Depreciation, impairment charges and amortization expense	$ 4,860	$ 7,681	$ 3,685
Capitalized software amortization expense (b)	$ 244	$ 209	$ 203

(a) Includes GMIO assets whose fair value was $131 million at December 31, 2013. Includes GME assets whose fair value was $408 million at December 31, 2012. Also includes other assets whose fair value was determined to be $0 in the years ended December 31, 2013, 2012 and 2011 measured utilizing Level 3 inputs. Fair value measurements of the non-GMIO and non-GME asset group long-lived assets utilized projected cash flows discounted at a rate commensurate with the perceived business risks related to the assets involved.

(b) Included in total depreciation, impairment charges and amortization expense.

Impairment Charges

Year Ended December 31, 2013

GM India

In the three months ended December 31, 2013 we performed a strategic assessment of GM India in response to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. Our strategic review indicated that the existing long-lived assets of the GM India asset group were not recoverable. In the three months ended December 31, 2013 we recorded asset impairment charges of $280 million to adjust the carrying amount of GM India's real and personal property to fair value of $45 million. These charges were recorded in our GMIO segment in Automotive cost of sales. Our recoverability test of the GM India asset group also included Intangible assets, net and Goodwill resulting in additional impairment charges of $103 million, for total impairment charges of $383 million. The noncontrolling interest portion of these charges was $35 million based on our 90.8% ownership of GM India. Refer to Note 11 for additional information regarding the impairment of Intangible assets, net and Note 10 for additional information regarding the impairment of Goodwill.

GM Holden Ltd. (Holden)

In December 2013 we announced plans to cease manufacturing and reduce engineering at our Holden subsidiary in Australia by the end of 2017. As a result we recorded asset impairment charges of $477 million to adjust the carrying amounts of certain long-lived assets of our Holden asset group to fair value of $71 million. These charges were recorded in our GMIO segment in Automotive cost of sales. Refer to Note 19 for additional information on the actions taken at Holden.

Year Ended December 31, 2012

During the second half of 2011 and continuing into 2012 the European automotive industry was severely affected by the ongoing sovereign debt crisis, high unemployment and a lack of consumer confidence coupled with overcapacity and we began to experience deterioration in cash flows. In response we formulated a plan to implement various actions to strengthen our operations and increase our competitiveness. During the fourth quarter of 2012 our industry outlook deteriorated further and our forecast of 2013 cash flows declined notwithstanding our actions. As a result we performed a recoverability test of the GME asset group by weighting various undiscounted cash flow scenarios and concluded the GME asset group was not recoverable. Accordingly we recorded asset impairment charges of $3.7 billion at December 31, 2012 to adjust the carrying amount of the GME real and personal property to fair value of $0.4 billion. These charges were recorded in our GME segment with $3.5 billion recorded in Automotive cost of sales and $0.2 billion recorded in Automotive selling, general and administrative expense. Our recoverability test of the GME asset group also included Intangible assets, net and other long-lived assets resulting in additional impairment charges of $1.8 billion, for total impairment charges of $5.5 billion. Refer to Note 11 for additional information regarding the impairment of Intangible assets, net.

Fair Value Measurements

To determine the estimated fair value of real and personal property, the cost approach, market approach and income approach were considered. Under the cost approach, the determination of fair value considered the estimates of the cost to construct or purchase a new asset of equal utility at current prices with adjustments in value for physical deterioration, functional obsolescence, and economic obsolescence. Under the market approach, the determination of fair value considered the market prices in transactions for similar assets and certain direct market values based on quoted prices from brokers and secondary market participants for similar assets. Under the income approach, the determination of fair value considered the estimate of the present worth of future benefits derived from ownership, usually measured through the capitalization of a specific level of income which can be derived from the subject asset with adjustments in value for demolition costs and for the effect of an estimated holding period. Under the income approach, it was assumed fair value could not exceed the present value of the net cash flows discounted at a rate commensurate with the level of risk inherent in the subject asset. An in-exchange premise was determined to be the highest and best use.

The following table summarizes the significant Level 3 inputs for real and personal property measurements:

	Valuation Technique(s)	Unobservable Input(s)	Range
GM India personal property	Market approach	Economic obsolescence (a)	72% - 100%
Holden real property	Income approach	Holding period (b)	0 - 3 years
		Discount rate (c)	11% - 12%
GME real property	Market approach	Demolition costs (d)	6% - 23%
	Cost approach	Holding period (b)	0 - 4 years
	Income approach	Discount rate (c)	11.2% - 14.5%
GME personal property	Market approach	Physical deterioration (e)	52% - 69%
	Cost approach	Functional obsolescence (f)	8% - 28%
		Economic obsolescence (a)	17% - 23%

(a) Represents estimated loss in asset value caused by factors external to the asset such as legislative enactments, changes in use, social change and change in supply and demand.
(b) Represents estimated marketing period for each property which dictates the amount of property specific holding costs to be incurred such as real estate taxes.
(c) Represents the discount rate for the specific property based on local market sources and available benchmarking data.
(d) Represents estimated gross cost to demolish and clear the structures on the property as a percentage of replacement cost new.
(e) Represents estimated loss in asset value due to wear and tear, action of the elements and other physical factors that reduce the life and serviceability of the asset.
(f) Represents estimated loss in asset value caused by inefficiencies and inadequacies of the asset itself.

The personal property in our Holden asset group was determined to have a nominal fair value because of anticipated losses during the wind-down period and limited to no salvage value given the decline in the automotive manufacturing base in Australia.

The fair value estimates for GM India, Holden and GME real and personal property are based on a valuation premise that assumes the assets' highest and best use are different than their current use based on the forecasted financial results of the asset groups.

Note 10. Goodwill

The following table summarizes the changes in the carrying amounts of Goodwill (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total Automotive	GM Financial	Total
Balance at January 1, 2012	$ 26,399	$ 581	$ 610	$ 151	$ 27,741	$ 1,278	$ 29,019
Impairment charges	(26,399)	(590)	(156)	—	(27,145)	—	(27,145)
Goodwill from business combinations (a)	—	—	61	—	61	—	61
Effect of foreign currency and other	—	9	34	(5)	38	—	38
Balance at December 31, 2012	—	—	549	146	695	1,278	1,973
Impairment charges	—	—	(541)	—	(541)	—	(541)
Goodwill from business combinations (a)	—	—	—	10	10	144	154
Effect of foreign currency and other	—	—	(8)	(18)	(26)	—	(26)
Balance at December 31, 2013	$ —	$ —	$ —	$ 138	$ 138	$ 1,422	$ 1,560
Accumulated impairment charges at January 1, 2012	$ —	$ (2,482)	$ (270)	$ —	$ (2,752)	$ —	$ (2,752)
Accumulated impairment charges at December 31, 2012	$ (26,399)	$ (3,072)	$ (426)	$ —	$ (29,897)	$ —	$ (29,897)
Accumulated impairment charges at December 31, 2013	$ (26,399)	$ (3,072)	$ (967)	$ —	$ (30,438)	$ —	$ (30,438)

(a) Refer to Note 3 for additional information concerning the acquisitions.

In the three months ended December 31, 2013, 2012, and 2011 we performed our annual goodwill impairment testing as of October 1 for all reporting units. In addition, in the years ended December 31, 2013, 2012 and 2011, we performed event-driven goodwill impairment tests at various dates for certain of our reporting units.

GMNA

Subsequent to our 2012 annual goodwill impairment testing, we reversed $36.2 billion of our deferred tax asset valuation allowances for our GMNA reporting unit. The reversal of the deferred tax asset valuation allowances resulted in the carrying amount of our GMNA reporting unit exceeding its fair value. As a result we performed an event-driven goodwill impairment test in the three months ended December 31, 2012 and recorded a Goodwill impairment charge of $26.4 billion. At December 31, 2012 GMNA's Goodwill balance was $0. Refer to Note 18 for additional information on the reversal of our deferred tax asset valuation allowances for our U.S. and Canadian operations.

GME

We adopted the provisions of ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts" (ASU 2010-28) on January 1, 2011 and performed Step 2 of the goodwill impairment testing analysis for our GME reporting unit which had a negative carrying amount resulting in the recognition of a cumulative-effect adjustment to beginning Retained earnings. GME continued to have a negative carrying amount and because it was more likely than not further goodwill impairment existed due to further deterioration in the business outlook for GME and increases in the fair value of estimated employee benefit obligations, we recorded Goodwill impairment charges of $590 million and $1.0 billion in the years ended December 31, 2012 and 2011. At December 31, 2012 GME's Goodwill balance was $0.

GMIO

Based on the results of our annual and event-driven goodwill impairment tests, we recorded total Goodwill impairment charges of $541 million, $156 million and $270 million in the years ended December 31, 2013, 2012 and 2011 within our GMIO segment. The impairment charges primarily related to our GM Korea Company (GM Korea) and Holden reporting units. We performed event-driven goodwill impairment tests for GM Korea in 2013, 2012 and 2011 as the fair value of GM Korea continued to be below its carrying amount due to ongoing economic weakness in certain markets to which GM Korea exports coupled with lower forecasted margins resulting from higher raw material costs and unfavorable foreign exchange rates. Furthermore, in the three months ended December 31, 2013 we announced our plans to cease mainstream distribution of Chevrolet brand in Western and Central Europe that resulted in the impairment of the remaining goodwill. Chevrolet sales in Europe are included in our GM Korea operations. We also recorded a Goodwill impairment charge in the three months ended December 31, 2013 associated with our GM India reporting unit resulting from lower forecasted profitability in India due to lower than expected sales performance of our current product offerings in India, higher raw material costs, unfavorable foreign exchange rates and recent deterioration in local market conditions. Refer to Note 9 for additional information on our operations in India. In the three months ended December 31, 2011 we reversed a deferred tax asset valuation allowance for our Holden reporting unit that resulted in the carrying amount of this reporting unit exceeding its fair value. At December 31, 2013 the goodwill balance was $0 for all of the reporting units in GMIO.

Impairment Charges

The impairment charges recorded as a result of the initial adoption of ASU 2010-28 and the annual and event-driven goodwill impairment tests in the years ended December 31, 2013, 2012 and 2011 represent the net decreases in implied goodwill resulting primarily from decreases in the fair value-to-U.S. GAAP differences attributable to those assets and liabilities that gave rise to goodwill upon our application of fresh-start reporting. The net decreases resulted primarily from the reversal of our deferred tax asset valuation allowances for certain reporting units thus resulting in the recorded amount for deferred taxes exceeding their fair values which under Accounting Standards Codification (ASC) 805, “Business Combinations” (ASC 805) results in less implied goodwill. The net decreases also resulted from improvements in our nonperformance risk and in our incremental borrowing rates since July 10, 2009. At certain of the testing dates the net decrease was also due to an increase in the high quality corporate bond rates utilized to measure our employee benefit obligations and a decrease in credit spreads between high quality corporate bond rates and market interest rates for companies with similar nonperformance risk. For the purpose of deriving an implied goodwill balance, deterioration in the business outlook and anticipated restructuring activities for GME and GM Korea resulted in a reduction in the fair value of certain tax attributes and an increase in estimated employee benefit obligations. The amount of implied goodwill derived from GM India decreased primarily from a reduction in the fair value of certain tax attributes.

Fair Value Measurements

When performing our goodwill impairment testing, the fair values of our reporting units were determined based on valuation techniques using the best available information, primarily discounted cash flow projections. We make significant assumptions and estimates, which utilized Level 3 measures, about the extent and timing of future cash flows, growth rates, market share and discount rates that represent unobservable inputs into our valuation methodologies. Our fair value estimates for annual and event-driven impairment tests assume the achievement of the future financial results contemplated in our forecasted cash flows and there can be no assurance that we will realize that value.

The valuation methodologies utilized to perform our goodwill impairment testing were consistent with those used in our application of fresh-start reporting on July 10, 2009 and in any subsequent annual or event-driven goodwill impairment tests and utilized Level 3 measures. Because the fair value of goodwill can be measured only as a residual amount and cannot be determined directly we calculated the implied goodwill for those reporting units failing Step 1 in the same manner that goodwill is recognized in a business combination pursuant to ASC 805.

Note 11. Intangible Assets, net

The following table summarizes the components of Intangible assets, net (dollars in millions):

	December 31, 2013			December 31, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Technology and intellectual property	$ 8,210	$ 7,308	$ 902	$ 7,775	$ 6,320	$ 1,455
Brands	4,466	559	3,907	4,464	431	4,033
Dealer network and customer relationships	1,108	364	744	1,375	327	1,048
Favorable contracts and other	345	326	19	384	286	98
Total amortizing intangible assets	14,129	8,557	5,572	13,998	7,364	6,634
Nonamortizing in process research and development	96		96	175		175
Total intangible assets	$ 14,225	$ 8,557	$ 5,668	$ 14,173	$ 7,364	$ 6,809

In December 2012 we entered into a product development agreement with PSA to collaborate on the development of certain vehicle platforms, components and modules. As a result of this agreement, in the three months ended March 31, 2013 we acquired the rights to certain technology and intellectual property for total consideration of $642 million. Consideration of $201 million was paid in cash in May 2013 with the remaining consideration to be paid by May 2018. The acquired rights were recorded at the present value of the total payments to be made as technology and intellectual property of $594 million.

In December 2013 we agreed with PSA to mutually cancel development of one of the vehicle programs and reduce the amount of remaining consideration to be paid, resulting in a net charge of $49 million recorded in Automotive cost of sales in GMNA. The net charge consisted of an impairment of the associated intellectual property of $211 million and a reduction of total consideration from $642 million to $480 million.

The following table summarizes the amortization expense and impairment charges related to Intangible assets, net (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Amortization expense	$ 1,281	$ 1,568	$ 1,804
Impairment charges	$ 523	$ 1,755	$ —

The following table summarizes estimated amortization expense related to Intangible assets, net in each of the next five years (dollars in millions):

	2014	2015	2016	2017	2018
Estimated amortization expense	$ 672	$ 330	$ 310	$ 305	$ 300

Impairment Charges

Year Ended December 31, 2013

GM India

In the three months ended December 31, 2013 we recorded impairment charges of $48 million to adjust the carrying amounts of Intangible assets, net, primarily favorable contract intangibles, to fair value of $0, because of a lack of economic support associated with GM India's declining operations. These charges were recorded in our GMIO segment primarily in Automotive cost of sales. Refer to Note 9 for additional information regarding the triggering events of the impairment charge in India and information on the impairment of Property, net.

Withdrawal of the Chevrolet Brand from Europe

In the three months ended December 31, 2013 we recorded impairment charges of $264 million to adjust the carrying amounts of Intangible assets, net, primarily dealer network intangibles, to fair value because we are winding down the dealer network in 2014 and we expect to incur losses during the wind-down period. These charges were recorded in our GMIO segment in Automotive cost of sales. Refer to Note 19 for additional information on the withdrawal of the Chevrolet brand from Europe.

Year Ended December 31, 2012

We adjusted the carrying amount of the GME intangible assets to their fair value of $139 million and recorded asset impairment charges of $1.8 billion at December 31, 2012. These charges were recorded in our GME segment with $1.6 billion recorded in Automotive selling, general and administrative expense and $0.2 billion recorded in Automotive cost of sales. The fair value estimates for GME's intangible assets are based on a valuation premise that assumes the assets' highest and best use are different than their current use due to the overall European macro-economic environment.

Our recoverability test of the GME asset group includes real and personal property, resulting in additional impairment charges of $3.7 billion, for total impairment charges of $5.5 billion. Refer to Note 9 for additional information regarding the impairment of real and personal property.

To determine the estimated fair value of the brand intangible assets we used the relief from royalty method which is a form of the income approach. Under this approach revenue associated with the brand is projected over the expected remaining useful life of the asset. A royalty rate is then applied to estimate the royalty savings. The royalty rate used was based on an analysis of empirical, market-derived royalty rates for guideline intangible assets and a profit split analysis to determine a rate that is economically supported by GME's forecasted profitability. The net after-tax royalty savings are calculated for each year during the remaining economic life of the asset and discounted to present value.

To determine the estimated fair value of the dealer network we used the cost approach with adjustments in value for the overcapacity of dealers and the sales environment in the region. We determined the fair value to be $0.

The following table summarizes the significant Level 3 inputs for brand intangible assets measurements:

	Valuation Technique	Unobservable Input(s)	Percentage
Brand intangible assets	Income approach	Long-term growth rate	0.50%
		Pre-tax royalty rate (a)	0.14%
		Discount rate (b)	21.25%

(a) Represents estimated savings realized from owning the asset or having the royalty-free right to use the asset.
(b) Represents WACC adjusted for perceived business risks related to these intangible assets.

Note 12. Variable Interest Entities

Consolidated VIEs

Automotive

VIEs that we do not control through a majority voting interest that are consolidated because we are the primary beneficiary include certain vehicle assembling, manufacturing and selling venture arrangements, the most significant of which is GM Egypt. At December 31, 2013 and 2012: (1) Total assets of these VIEs were $564 million and $436 million, which were composed of Cash and cash equivalents, Accounts and notes receivables, net, Inventories, and Property, net; and (2) Total liabilities were $395 million and $254 million, which were composed of Accounts payable (principally trade) and Accrued liabilities. In the years ended December 31, 2013 and 2012 Total net sales and revenue recorded for these consolidated VIEs were $1.1 billion and $1.0 billion and Net income was $55 million and $56 million. These amounts are stated prior to intercompany eliminations. Liabilities recognized as a result of consolidating VIEs generally do not represent claims against us or our other subsidiaries and assets recognized generally are for the benefit of the VIEs' operations and cannot be used to satisfy our obligations.

GM Korea and GM India are non-wholly owned consolidated subsidiaries that we control through a majority voting interest. They are also VIEs because in the future they may require additional subordinated financial support. At December 31, 2013 and 2012 the combined creditors of GM Korea's and GM India's liabilities of $242 million and $368 million, which were composed of short-term debt, current derivative liabilities and long-term debt, do not have recourse to our general credit.

Automotive Financing — GM Financial

GM Financial uses special purpose entities (SPEs) that are considered VIEs to issue variable funding notes to third party bank-sponsored warehouse facilities or asset-backed securities to investors in securitization transactions. The debt issued by these VIEs is backed by the cash flows related to finance receivables and leasing related assets transferred by GM Financial to the VIEs (Securitized Assets). GM Financial holds variable interests in the VIEs that could potentially be significant to the VIEs. GM Financial determined that it is the primary beneficiary of the SPEs because (1) the servicing responsibilities for the Securitized Assets give it the power to direct the activities that most significantly impact the performance of the VIEs and (2) the variable interests in the VIEs give it the obligation to absorb losses and the right to receive residual returns that could potentially be significant. The assets and liabilities of the VIEs are included in GM Financial's consolidated balance sheets. The amounts are stated prior to intercompany eliminations.

The following table summarizes the assets and liabilities related to GM Financial's consolidated VIEs (dollars in millions):

	December 31, 2013	December 31, 2012
Restricted cash	$ 1,523	$ 744
Securitized Assets	$ 23,584	$ 10,442
Securitization notes payable and other credit facilities	$ 19,448	$ 9,378

Restricted cash represents collections from the underlying Securitized Assets and certain reserve accounts held as credit enhancement for securitizations held by GM Financial for the benefit of the noteholders. Except for the acquisition accounting adjustments, which are not recorded in SPE trusts, GM Financial recognizes finance charge income, leased vehicle income and other income on the Securitized Assets and interest expense on the secured debt issued by the SPEs. GM Financial also maintains an allowance for credit losses on the Securitized Assets. Cash pledged to support the secured borrowings is deposited to a restricted cash account which is invested in highly liquid securities with original maturities of 90 days or less.

The assets of the VIEs and the restricted cash held by GM Financial serve as the sole source of repayment for the debt issued by these entities. Investors in the notes issued by the VIEs do not have recourse to GM Financial or its other assets, with the exception of customary representation and warranty repurchase provisions and indemnities that GM Financial provides as the servicer. GM Financial is not required and does not currently intend to provide additional financial support to these SPEs. While these subsidiaries are included in our consolidated financial statements, these subsidiaries are separate legal entities and their assets are legally owned by them and are not available to GM Financial's creditors.

Nonconsolidated VIEs

Automotive

VIEs that are not consolidated include certain vehicle assembling, manufacturing and selling venture arrangements and other automotive related entities to which we provided financial support, including GM India prior to September 2012 and Ally Financial. We concluded these entities are VIEs because they do not have sufficient equity at risk or may require additional subordinated financial support. We currently lack the power through voting or similar rights to direct those activities of these entities that most significantly affect their economic performance. Our variable interests in these nonconsolidated VIEs include accounts and notes receivable, equity in net assets, guarantees and financial support, some of which were provided to certain current or previously divested suppliers in order to ensure that supply needs for production were not disrupted due to a supplier's liquidity concerns or possible shutdowns.

At December 31, 2013 and 2012 our variable interests in these VIEs included: (1) Total assets of $169 million and $351 million, which were composed of Accounts and notes receivable, net and Equity in net assets of nonconsolidated affiliates; (2) Total liabilities of $838 million and $1.9 billion, which were composed of Accounts payable (principally trade), Short-term debt and current portion of long-term debt, Accrued liabilities and Other liabilities and deferred income taxes; and (3) Total off-balance sheet arrangements of $115 million and $32 million, which were composed of loan commitments and other liquidity arrangements. The amount of total off-balance sheet arrangements at December 31, 2013 includes contractual commitments under an agreement with a supplier that became a VIE in January 2013. The maximum exposure to loss for total assets approximated the carrying amount at December 31, 2013 and 2012. Refer to Note 17 for additional information on our maximum exposure to loss under agreements with Ally Financial.

Ally Financial Common Stock

At December 31, 2012 we held a 9.9% common equity ownership in Ally Financial with carrying amount and fair value of $399 million and $1.3 billion. We estimated the fair value of Ally Financial common stock using a market approach that applied the average price to tangible book value multiples of comparable companies to the consolidated Ally Financial tangible book value. The significant inputs used in our fair value analyses included Ally Financial's financial statements, financial statements and price to tangible book value multiples of comparable companies in the banking and finance industry and the effects of certain Ally Financial shareholder rights. The inputs used in the measurement of the fair value are Level 3 inputs. In December 2013 we sold our investment through a private offering for net proceeds of $880 million and recorded a gain of $483 million in Interest income and other non-operating income, net.

Ally Financial Preferred Stock

In March 2011 our investment in Ally Financial preferred stock was sold through a public offering for net proceeds of $1.0 billion. The gain of $339 million related to the sale was recorded in Interest income and other non-operating income, net.

Note 13. Accrued Liabilities, Other Liabilities and Deferred Income Taxes

The following table summarizes the components of Accrued liabilities and Other liabilities and deferred income taxes (dollars in millions):

	December 31, 2013	December 31, 2012
Current		
Dealer and customer allowances, claims and discounts	$ 7,919	$ 7,722
Deposits primarily from rental car companies	4,713	4,250
Deferred revenue	1,276	1,326
Policy, product warranty and recall campaigns	2,559	2,919
Payrolls and employee benefits excluding postemployment benefits	2,285	2,144
Other	5,881	4,947
Total accrued liabilities	$ 24,633	$ 23,308
Non-current		
Deferred revenue	$ 1,249	$ 1,169
Policy, product warranty and recall campaigns	4,655	4,285
Employee benefits excluding postemployment benefits	1,192	1,359
Postemployment benefits including facility idling reserves	1,216	1,518
Other	5,041	4,838
Total other liabilities and deferred income taxes	$ 13,353	$ 13,169

The following table summarizes activity for policy, product warranty and recall campaigns (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Beginning balance	$ 7,204	$ 6,600	$ 6,789
Warranties issued and assumed in period	3,181	3,394	3,062
Payments	(3,063)	(3,393)	(3,740)
Adjustments to pre-existing warranties	123	539	565
Effect of foreign currency and other	(231)	64	(76)
Ending balance	$ 7,214	$ 7,204	$ 6,600

Note 14. Short-Term and Long-Term Debt

Automotive

The following table summarizes the components of our short-term debt and long-term debt (dollars in millions):

	December 31, 2013	December 31, 2012
Secured debt	$ 320	$ 1,182
Unsecured debt		
Senior unsecured notes	4,500	—
Canadian Health Care Trust (HCT) notes	—	1,239
Other unsecured debt	1,352	1,713
Total unsecured debt	5,852	2,952
Capital leases	965	1,038
Total automotive debt (a)	7,137	5,172
Less: short-term debt and current portion of long-term debt	564	1,748
Total long-term debt	$ 6,573	$ 3,424
Fair value of automotive debt (b)	$ 6,837	$ 5,298
Available under credit facility agreements	$ 10,404	$ 11,119
Interest rate range on outstanding debt (c)	0.0-19.0%	0.0-19.0%
Weighted-average interest rate on outstanding short-term debt (c)	9.0%	3.7%
Weighted-average interest rate on outstanding long-term debt (c)	3.8%	4.0%

(a) Net of a $765 million and $1.1 billion net discount at December 31, 2013 and 2012.
(b) The fair value of debt includes $6.8 billion and $4.1 billion measured utilizing Level 2 inputs at December 31, 2013 and 2012 and $1.2 billion measured utilizing Level 3 inputs at December 31, 2012.
(c) Includes coupon rates on debt denominated in various foreign currencies and interest free loans.

The Level 2 fair value measurements utilize quoted market prices and if unavailable, a discounted cash flow model. The valuation is reviewed internally by personnel with appropriate expertise in valuation methodologies. This model utilizes observable inputs such as contractual repayment terms and benchmark yield curves, plus a spread that is intended to represent our nonperformance risk for secured or unsecured obligations. We estimate our nonperformance risk using our corporate credit rating, the ratings on our senior unsecured notes and on our secured revolver, yields on traded bonds of companies with comparable credit ratings and risk profiles. We acquire the benchmark yield curves and nonperformance risk spread from independent sources that are widely used in the financial industry. In certain circumstances we adjust the valuation of debt for additional nonperformance risk or potential prepayment probability scenarios. We may use a probability weighting of prepayment scenarios when the stated rate exceeds market rates and the instrument contains prepayment features. The prepayment scenarios are adjusted to reflect the views of market participants. The fair value measurements subject to additional adjustments for nonperformance risk or prepayment have been categorized in Level 3.

Secured Debt

Wholesale financing represents arrangements, primarily with Ally Financial, where cash is received in advance of the final sale of vehicles, parts and accessories to our dealers or ultimate consumer. These obligations typically settle through the sale and delivery of our products and generally do not require cash outflows to settle. Following GM Financial's acquisition of the Ally Financial international operations in April 2013, most of the wholesale financing balance classified as debt became intercompany debt and was eliminated in consolidation, resulting in a decrease to our automotive debt balance of $682 million.

Secured Revolving Credit Facilities

In November 2012 we entered into two new secured revolving credit facilities with an aggregate borrowing capacity of $11.0 billion. These facilities consist of a three-year, $5.5 billion facility and a five-year, $5.5 billion facility and replaced our previous five-year, $5.0 billion secured revolving credit facility. Availability under the secured revolving credit facilities is subject to borrowing base restrictions.

The three-year, $5.5 billion facility is available to GM Financial as well as certain wholly-owned domestic and international subsidiaries. The facility includes various sub-limits including a GM Financial borrowing sub-limit of $4.0 billion, a multi-currency borrowing sub-limit of $3.5 billion, a Brazilian Real borrowing sub-limit of approximately $485 million and a letter of credit sub-facility limit of $1.5 billion. We had amounts in use under the letter of credit sub-facility of $625 million at December 31, 2013.

The five-year, $5.5 billion facility allows for borrowings in U.S. Dollars and other currencies and includes a letter of credit sub-limit of $500 million. This facility is not available to GM Financial.

Our obligations under the secured revolving credit facilities are guaranteed by certain of our domestic subsidiaries and by a substantial portion of our domestic assets including accounts receivable, inventory, property, plant and equipment, intellectual property and trademarks, equity interests in certain of our direct domestic subsidiaries as well as up to 65% of the voting equity interests in certain of our direct foreign subsidiaries, in each case, subject to certain exceptions. The collateral securing the secured revolving credit facilities does not include, among other assets, cash, cash equivalents and marketable securities as well as our investments in GM Financial, GM Korea and in our China JVs. If we receive and maintain an investment grade corporate rating from two or more of the following credit rating agencies: Fitch Ratings, Moody's Investor Service and Standard & Poor's, we will no longer have to post collateral or provide guarantees from certain domestic subsidiaries under the terms of the facilities.

The secured revolving credit facilities contain representations, warranties and covenants customary of these types of facilities, including negative covenants restricting incurring liens, consummating mergers or sales of assets and incurring secured indebtedness, and restricting us from making restricted payments, in each case, subject to exceptions and limitations. These restricted payments include limitations on the amount of dividend payments and repurchases of our common stock. These restrictions can be mitigated based on various factors including but not limited to cash flows generated from operating and investing activities, prior restricted payments, our borrowing base coverage ratio, consolidated global liquidity and other provisions. The facilities also require us to maintain at least $4.0 billion in consolidated global liquidity and at least $2.0 billion in consolidated U.S. liquidity.

Interest rates on obligations under the secured revolving credit facilities are based on prevailing per annum interest rates for Eurodollar loans or an alternative base rate plus an applicable margin, in each case, based upon the credit rating assigned to the secured revolving credit facilities or our corporate rating depending on certain criteria.

Unsecured Debt

Senior Unsecured Notes

In September 2013 we issued $4.5 billion in aggregate principal amount of senior unsecured notes comprising $1.5 billion of 3.5% notes due in 2018, $1.5 billion of 4.875% notes due in 2023 and $1.5 billion of 6.25% notes due in 2043. These notes contain terms and covenants customary of these types of securities including limitations on the amount of the secured debt we may issue.

In connection with the issuance of these notes we entered into a registration rights agreement that requires us to file a registration statement with the Securities and Exchange Commission (SEC) for an exchange offer with respect to the senior notes. If the registration statement has not been declared effective by the SEC within 365 days after the closing date of the debt issuance, if we fail to consummate the exchange offer within 30 business days after such target effective date or if the registration statement ceases to remain effective, we will be required to pay additional interest of 0.25% per annum for the first 90 day period following such event and an additional 0.25% per annum for each subsequent 90 day period prior to the consummation of the exchange offer up to a maximum additional interest rate of 0.5% per annum.

HCT Notes

As part of the establishment of the HCT to provide retiree healthcare benefits to certain active and retired employees in Canada, we issued notes to the HCT with a fair value of $1.1 billion in October 2011. We recorded a premium of $42 million at issuance. The notes accrued interest at an annual rate of 7.0%. The notes were due in periodic installments through 2018. In October 2013 we prepaid the HCT notes in full for $1.2 billion. Refer to Note 15 for additional information on the HCT settlement.

GM Korea Preferred Shares

Prior to April 2013 GM Korea had outstanding non-convertible mandatorily redeemable preferred shares. Dividends accrued at a rate of 2.5% through October 2012 and increased to 7.0% through 2017. In December 2012 GM Korea made a payment of $671 million to redeem early a portion of shares that had a carrying amount of $429 million and the difference was recorded as a loss on extinguishment of debt. In April 2013 GM Korea made a payment of $708 million to redeem early the remaining balance of the shares that had a carrying amount of $468 million and the difference was recorded as a loss on extinguishment of debt.

Gains (Losses) on Extinguishment of Debt

In the year ended December 31, 2013 we prepaid and retired debt obligations with a total carrying amount of $1.8 billion and recorded a net loss on extinguishment of debt of $212 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares. In the year ended December 31, 2012 we prepaid and retired debt obligations with a total carrying amount of $514 million and recorded a net loss on extinguishment of debt of $250 million which primarily represented the unamortized debt discount on the GM Korea mandatorily redeemable preferred shares. In the year ended December 31, 2011 we prepaid and retired in full debt facilities of $1.0 billion held by certain of our subsidiaries, primarily in GMNA and GMSA, and recorded a gain on these debt facilities of $18 million.

Technical Defaults and Covenant Violations

Several of our loan facilities, including our secured revolving credit facilities, require compliance with certain financial and operational covenants as well as regular reporting to lenders, including providing certain subsidiary financial statements. Failure to meet certain of these requirements may result in a covenant violation or an event of default depending on the terms of the agreement. An event of default may allow lenders to declare amounts outstanding under these agreements immediately due and payable, to enforce their interests against collateral pledged under these agreements or restrict our ability to obtain additional borrowings. A foreign subsidiary was not in compliance with certain financial covenants under its $77 million term loan facility. We are evaluating alternatives to cure this financial covenant issue and included this liability in Short-term debt and current portion of long-term debt.

Automotive Financing — GM Financial

The following table summarizes the carrying amount and fair value of debt (dollars in millions):

	December 31, 2013		December 31, 2012	
	Carrying Amount	Fair Value (a)	Carrying Amount	Fair Value (a)
Secured				
Revolving credit facilities	$ 9,000	$ 8,995	$ 354	$ 354
Securitization notes payable (b)	13,073	13,175	9,024	9,171
Total secured	22,073	22,170	9,378	9,525
Unsecured				
Senior notes	4,000	4,106	1,500	1,620
Bank lines and other unsecured debt	2,973	2,972	—	—
Total unsecured	6,973	7,078	1,500	1,620
Total GM Financial debt	$ 29,046	$ 29,248	$ 10,878	$ 11,145

(a) The fair value of debt includes $23.0 billion and $11.1 billion measured utilizing Level 2 inputs at December 31, 2013 and 2012 and $6.2 billion measured utilizing Level 3 inputs at December 31, 2013. For revolving credit facilities with variable interest rates and maturities of one year or less, the carrying amount is considered to be a reasonable estimate of fair value. The fair value of other secured debt and the unsecured debt is based on quoted market prices, when available. If quoted market prices are not available, the market value is estimated by discounting future net cash flows expected to be paid using current risk-adjusted rates.

(b) Includes a private securitization that GM Financial used observable and unobservable inputs to estimate fair value. Unobservable inputs are related to the structuring of the debt into various classes, which is based on public securitizations issued during the same time frame. Observable inputs are used by obtaining active prices based on the securitization debt issued during the same time frame. These observable inputs are then used to create expected market prices (unobservable inputs), which are then applied to the debt classes in order to estimate fair value which would approximate market value.

Secured

Revolving Credit Facilities

The revolving credit facilities have revolving periods ranging from one to three years. At the end of the revolving period, if the facilities are not renewed, the debt will amortize over periods ranging up to six years. Most of the secured debt was issued by VIEs and it is repayable only from proceeds related to the underlying pledged finance receivables and leases. Refer to Note 12 for additional information relating to GM Financial's involvement with VIEs. Weighted-average interest rates are both fixed and variable, ranging from 0.9% to 15.9% at December 31, 2013.

GM Financial is required to hold certain funds in restricted cash accounts to provide additional collateral for borrowings under certain secured credit facilities. Additionally, some of GM Financial's secured credit facilities contain various covenants requiring minimum financial ratios, asset quality and portfolio performance ratios (portfolio net loss and delinquency ratios and pool level cumulative net loss ratios) as well as limits on deferment levels. Failure to meet any of these covenants could result in an event of default under these agreements. If an event of default occurs under these agreements the lenders could elect to declare all amounts outstanding under these agreements to be immediately due and payable, enforce their interests against collateral pledged under these agreements, restrict GM Financial's ability to obtain additional borrowings under these agreements and/or remove GM Financial as servicer. At December 31, 2013 GM Financial was in compliance with all covenants related to its credit facilities.

In the year ended December 31, 2013 GM Financial entered into two new credit facilities with a total borrowing capacity of $1.3 billion. At December 31, 2013 revolving credit facilities of $7.3 billion resulted from the acquisition of the Ally Financial international operations.

Securitization Notes Payable

Securitization notes payable represents debt issued by GM Financial through securitization transactions. Debt issuance costs are amortized over the expected term of the securitizations on an effective yield basis. As a result of GM Financial's acquisition of the Ally Financial international operations, GM Financial recorded a purchase accounting discount of $69 million that will amortize to interest expense over the expected term of the notes. At December 31, 2013 the remaining purchase accounting discount of $47 million is included in Total secured debt.

At the time of securitization of finance receivables, GM Financial is required to pledge assets equal to a specified percentage of the securitization pool to support the securitization transaction. The assets pledged consist of cash deposited to a restricted account and additional receivables delivered to the trust, which create overcollateralization. The securitization transactions require the percentage of assets pledged to support the transaction to increase until a specified level is attained. Excess cash flows generated by the trusts are added to the restricted cash account or used to pay down outstanding debt in the trusts, creating overcollateralization until the targeted percentage level of assets is reached. Once the targeted percentage level of assets is reached and maintained, excess cash flows generated by the trusts are released to GM Financial as distributions from trusts. As the balance of the securitization pool declines, the amount of pledged assets needed to maintain the required percentage level is reduced. Assets in excess of the required percentage are also released to GM Financial as distributions from trusts.

In the year ended December 31, 2013 GM Financial issued securitization notes payable of $6.8 billion with a weighted-average interest rate of 1.7% maturing on various dates through 2021. At December 31, 2013 securitization notes payable of $2.3 billion resulted from the acquisition of the Ally Financial international operations.

Unsecured

Senior Notes

In May 2013 GM Financial issued $2.5 billion in aggregate principal amount of senior notes due in 2016 through 2023 with interest rates that range from 2.75% to 4.25%. In August 2012 GM Financial issued 4.75% senior notes of $1.0 billion which are due in August 2017 with interest payable semiannually. Senior notes outstanding at December 31, 2013 are due beginning in 2016 through 2023 and have interest rates that range from 2.75% to 6.75%. The notes are guaranteed by GM Financial's principal operating subsidiary.

Bank Lines and Other Unsecured Debt

The maturity dates of bank lines and other unsecured debt, which was assumed in the acquisition of the Ally Financial international operations, range up to five years. If not renewed, any balance outstanding under these bank lines is either immediately due in full or will amortize over a defined period. Interest rates on bank lines and other unsecured debt ranged from 1.1% to 12.9% at December 31, 2013.

Consolidated

Interest Expense

The following table summarizes interest expense (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Automotive	$ 334	$ 489	$ 540
Automotive Financing — GM Financial	715	283	204
Total interest expense	$ 1,049	$ 772	$ 744

Debt Maturities

The following table summarizes contractual maturities including capital leases at December 31, 2013 (dollars in millions):

	Automotive	Automotive Financing (a)	Total
2014	$ 543	$ 13,594	$ 14,137
2015	147	6,473	6,620
2016	109	4,199	4,308
2017	496	2,337	2,833
2018	1,582	1,693	3,275
Thereafter	5,025	750	5,775
	$ 7,902	$ 29,046	$ 36,948

(a) Secured debt, bank lines and other unsecured debt are based on expected payoff date. Senior notes principal amounts are based on maturity.

At December 31, 2013 future interest payments on automotive capital lease obligations were $578 million. GM Financial had no capital lease obligations at December 31, 2013.

Note 15. Pensions and Other Postretirement Benefits

Employee Pension and Other Postretirement Benefit Plans

Defined Benefit Pension Plans

Defined benefit pension plans covering eligible U.S. hourly employees (hired prior to October 2007) and Canadian hourly employees generally provide benefits of negotiated, stated amounts for each year of service and supplemental benefits for employees who retire with 30 years of service before normal retirement age. The benefits provided by the defined benefit pension plans covering eligible U.S. (hired prior to January 1, 2001) and Canadian salaried employees and employees in certain other non-U.S. locations are generally based on years of service and compensation history. Accrual of defined pension benefits ceased on September 30, 2012 for U.S. salaried employees and on December 31, 2012 for Canadian salaried employees. There is also an unfunded nonqualified pension plan covering primarily U.S. executives for service prior to January 1, 2007 and it is based on an “excess plan” for service after that date.

Pension Contributions

The funding policy for qualified defined benefit pension plans is to contribute annually not less than the minimum required by applicable law and regulations or to directly pay benefit payments where appropriate. At December 31, 2013 all legal funding requirements had been met. We expect to contribute $100 million to our U.S. non-qualified plans and $749 million to our non-U.S. pension plans in 2014. The following table summarizes contributions made to the defined benefit pension plans (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
U.S. hourly and salaried	$ 128	$ 2,420	$ 1,962
Non-U.S.	886	855	836
Total	$ 1,014	$ 3,275	$ 2,798

We made a voluntary contribution in January 2011 to our U.S. hourly and salaried defined benefit pension plans of 61 million shares of our common stock valued at $2.2 billion for funding purposes at the time of contribution. The contributed shares qualified as a plan asset for funding purposes at the time of contribution and as a plan asset valued at $1.9 billion for accounting purposes in July 2011. This was a voluntary contribution above our funding requirements for the pension plans.

We continue to pursue various options to fund and derisk our pension plans, including continued changes to the pension asset portfolio mix to reduce funded status volatility.

Other Postretirement Benefit Plans

Certain hourly and salaried defined benefit plans provide postretirement medical, dental, legal service and life insurance to eligible U.S. and Canadian retirees and their eligible dependents. Certain other non-U.S. subsidiaries have postretirement benefit plans, although most non-U.S. employees are covered by government sponsored or administered programs.

OPEB Contributions

The following table summarizes contributions to the U.S. OPEB plans (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Employer contributions	$ 393	$ 432	$ 426
Plan participants' contributions	29	4	13
Total contributions	$ 422	$ 436	$ 439

For the year ended December 31, 2011 we also contributed $1.9 billion to the independent HCT consisting of restricted cash of $782 million and notes payable of $1.1 billion.

Defined Contribution Plans

We have a defined contribution plan for eligible U.S. salaried employees. This plan provides discretionary matching contributions which we instituted in October 2009. U.S. hourly employees hired after September 2007 also participate in a defined contribution plan. Contributions are also made to certain non-U.S. defined contribution plans. We made contributions to our defined contribution plans of $502 million, $352 million and $297 million in the years ended December 31, 2013, 2012 and 2011.

Significant Plan Amendments, Benefit Modifications and Related Events

U.S. Salaried Defined Benefit Life Insurance Plan

In September 2013 we amended the U.S. salaried life insurance plan effective January 1, 2014 to eliminate benefits for retirees and eligible employees retiring on or after August 1, 2009. The remeasurement, settlement and curtailment resulted in a decrease in the OPEB liability of $319 million, a decrease in the net pre-tax actuarial loss component of Accumulated other comprehensive loss of $236 million and a pre-tax gain of $83 million.

U.S. Salaried Defined Benefit Pension Plan

In 2012 we amended the salaried pension plan to cease the accrual of additional benefits effective September 30, 2012 resulting in a curtailment of $309 million which decreased the pension liability. We divided the plan to create a new legally separate defined benefit plan primarily for active and terminated vested participants. Settlement payments of $30.6 billion were made consisting of lump-sum pension distributions of $3.6 billion to retired salaried plan participants, group annuity contracts purchased for a total annuity premium of $25.1 billion and two separate previously guaranteed obligations of $1.9 billion were settled. These agreements unconditionally and irrevocably guarantee the full payment of all annuity payments to the participants that were receiving payments from the plan and the insurance companies assumed all investment risk associated with the assets that were delivered as the annuity contract premiums.

Through these transactions we have settled certain pension obligations in their entirety resulting in a pre-tax settlement loss of $2.6 billion ($2.2 billion after tax) in Automotive cost of sales. The pre-tax loss is composed of existing losses in Accumulated other comprehensive loss of $377 million, and the premium paid to the insurance company of $2.1 billion. The tax benefit of $413 million is composed of the statutory tax benefit of $1.0 billion offset by tax expense of $596 million primarily associated with the removal of prior period income tax allocations between Accumulated other comprehensive loss and Income tax expense (benefit).

In 2012 we provided short-term, interest-free, unsecured loans of $2.2 billion to provide the plan with incremental liquidity to pay ongoing benefits and administrative costs. Contributions of $1.7 billion were made from the $2.2 billion loans. Through December 31, 2012 $430 million was repaid and $90 million of the loan was still outstanding. In the year ended December 31, 2013 $60 million was repaid and the remaining $30 million was deemed a plan contribution.

Active salaried plan participants began receiving additional contributions in the defined contribution plan in October 2012. Lump-sum pension distributions in 2013 of $430 million resulted in a pre-tax settlement gain of $128 million.

Canadian Salaried Defined Benefit Plans

In June 2012 we amended the Canadian salaried pension plan to cease the accrual of additional benefits effective December 31, 2012 and provide active employees a lump-sum distribution option at retirement. The remeasurement, amendments and offsetting curtailment increased the pension liability by $84 million. Active plan participants started receiving additional contributions in the defined contribution plan starting in January 2013.

We also amended the Canadian salaried retiree healthcare plan to eliminate post-65 healthcare benefits for employees retiring on or after July 1, 2014. In conjunction with this change we amended the plan to offer either a monthly monetary payment or an annual lump-sum cash payment to a defined contribution plan for health care in lieu of the benefit coverage provisions formerly provided under the healthcare plan. These amendments decreased the OPEB liability by $28 million.

Canadian HCT

In October 2011 pursuant to a June 2009 agreement between General Motors of Canada Limited (GMCL) and the CAW an independent HCT was implemented to provide retiree healthcare benefits to certain active and retired employees. Concurrent with the implementation of the HCT, GMCL was legally released from all obligations associated with the cost of providing retiree healthcare benefits to CAW retirees and surviving spouses by the class action process and to CAW active employees as of June 8, 2009. We accounted for the related termination of CAW hourly retiree healthcare benefits as a settlement and recorded a gain of $749 million in Automotive cost of sales. The settlement gain represents the difference between the healthcare plan obligation of $3.1 billion (as of the implementation date) and the fair value of the notes and restricted cash contributed totaling $1.9 billion, and recognition of Accumulated other comprehensive loss of $414 million.

Other Remeasurements

In March 2012 certain pension plans in GME were remeasured as part of our goodwill impairment testing, resulting in an increase of $150 million in the pension liability and a pre-tax increase in the net actuarial loss component of Accumulated other comprehensive loss.

In September 2011 a plan which provided legal services to U.S. hourly employees and retirees was remeasured as a result of our labor agreement provisions which terminated the plan effective December 31, 2013. The negotiated termination has been accounted for as a negative plan amendment resulting in a decrease in the OPEB liability and a pre-tax increase of $266 million in the prior service credit component of Accumulated other comprehensive loss was amortized through December 31, 2013.

In March 2011 certain pension plans in GME were remeasured as part of our goodwill impairment testing, resulting in a decrease of $272 million in the pension liability and a pre-tax increase in the net actuarial gain component of Accumulated other comprehensive loss.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Refer to Note 10 for additional information on our Goodwill impairment.

Pension and OPEB Obligations and Plan Assets

The following table summarizes the change in benefit obligations and related plan assets (dollars in millions):

	Year Ended December 31, 2013				Year Ended December 31, 2012			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Change in benefit obligations								
Beginning benefit obligation	$ 82,110	$ 29,301	$ 6,271	$ 1,528	$ 108,562	$ 25,765	$ 5,822	$ 1,490
Service cost	298	394	24	13	452	383	23	16
Interest cost	2,837	1,010	217	57	4,055	1,110	234	63
Plan participants' contributions	—	4	29	2	—	7	4	1
Amendments	—	(4)	—	(4)	(32)	139	—	(52)
Actuarial (gains) losses	(7,661)	(1,009)	(757)	(210)	8,432	2,774	622	13
Benefits paid	(5,719)	(1,683)	(422)	(53)	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	(528)	—	(98)	—	682	—	30
Business combinations	—	128	—	—	—	—	—	—
Curtailments, settlements and other	(385)	(85)	(252)	3	(30,937)	(8)	2	22
Ending benefit obligation	71,480	27,528	5,110	1,238	82,110	29,301	6,271	1,528
Change in plan assets								
Beginning fair value of plan assets	68,085	15,541	—	—	94,349	14,541	—	—
Actual return on plan assets	2,107	988	—	—	10,332	1,344	—	—
Employer contributions	128	886	393	51	2,420	855	432	54
Plan participants' contributions	—	4	29	2	—	7	4	1
Benefits paid	(5,719)	(1,683)	(422)	(53)	(8,422)	(1,551)	(436)	(55)
Foreign currency translation adjustments	—	(692)	—	—	—	389	—	—
Business combinations	—	26	—	—	—	—	—	—
Settlements	(435)	(87)	—	—	(30,629)	(207)	—	—
Other	—	3	—	—	35	163	—	—
Ending fair value of plan assets	64,166	14,986	—	—	68,085	15,541	—	—
Ending funded status	$ (7,314)	$ (12,542)	$ (5,110)	$ (1,238)	$ (14,025)	$ (13,760)	$ (6,271)	$ (1,528)
Amounts recorded in the consolidated balance sheets								
Non-current assets	$ —	$ 137	$ —	$ —	$ —	$ 73	$ —	$ —
Current liabilities	(131)	(379)	(368)	(83)	(95)	(343)	(406)	(84)
Non-current liabilities	(7,183)	(12,300)	(4,742)	(1,155)	(13,930)	(13,490)	(5,865)	(1,444)
Net amount recorded	$ (7,314)	$ (12,542)	$ (5,110)	$ (1,238)	$ (14,025)	$ (13,760)	$ (6,271)	$ (1,528)
Amounts recorded in Accumulated other comprehensive loss								
Net actuarial gain (loss)	$ 4,747	$ (3,379)	$ (542)	$ 47	$ (1,434)	$ (4,786)	$ (1,573)	$ (188)
Net prior service (cost) credit	38	(87)	19	91	42	(111)	135	118
Total recorded in Accumulated other comprehensive loss	$ 4,785	$ (3,466)	$ (523)	$ 138	$ (1,392)	$ (4,897)	$ (1,438)	$ (70)

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes the total accumulated benefit obligations (ABO), the fair value of plan assets for defined benefit pension plans with ABO in excess of plan assets, and the projected benefit obligation (PBO) and fair value of plan assets for defined benefit pension plans with PBO in excess of plan assets (dollars in millions):

	December 31, 2013		December 31, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
ABO	$ 71,461	$ 27,069	$ 82,103	$ 28,880
Plans with ABO in excess of plan assets				
ABO	$ 71,461	$ 25,897	$ 82,103	$ 28,156
Fair value of plan assets	$ 64,166	$ 13,663	$ 68,085	$ 14,702
Plans with PBO in excess of plan assets				
PBO	$ 71,480	$ 26,788	$ 82,110	$ 28,537
Fair value of plan assets	$ 64,166	$ 14,109	$ 68,085	$ 14,704

The following table summarizes the components of net periodic pension and OPEB expense along with the assumptions used to determine benefit obligations (dollars in millions):

	Year Ended December 31, 2013				Year Ended December 31, 2012				Year Ended December 31, 2011			
	Pension Benefits		Other Benefits		Pension Benefits		Other Benefits		Pension Benefits		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Components of expense												
Service cost	$ 395	$ 425	$ 24	$ 13	$ 590	$ 411	$ 23	$ 16	$ 632	$ 399	$ 23	$ 30
Interest cost	2,837	1,010	217	57	4,055	1,110	234	63	4,915	1,215	265	186
Expected return on plan assets	(3,562)	(823)	—	—	(5,029)	(870)	—	—	(6,692)	(925)	—	—
Amortization of prior service cost (credit)	(4)	19	(116)	(14)	(1)	1	(116)	(12)	(2)	(2)	(39)	(9)
Recognized net actuarial loss	6	208	85	6	2	35	52	6	—	—	6	—
Curtailments, settlements and other (gains) losses	(77)	(6)	(62)	—	2,580	71	—	11	(23)	(7)	—	(749)
Net periodic pension and OPEB expense (income)	$ (405)	$ 833	$ 148	$ 62	$ 2,197	$ 758	$ 193	$ 84	$ (1,170)	$ 680	$ 255	$ (542)
Weighted-average assumptions used to determine benefit obligations												
Discount rate	4.46%	4.10%	4.52%	4.71%	3.59%	3.70%	3.68%	3.97%	4.15%	4.50%	4.24%	4.37%
Rate of compensation increase (a)	N/A	2.90%	N/A	4.21%	N/A	2.77%	4.50%	4.21%	4.50%	3.11%	4.50%	4.20%
Weighted-average assumptions used to determine net expense												
Discount rate	3.59%	3.69%	3.69%	3.97%	4.06%	4.45%	4.24%	4.31%	4.96%	5.16%	5.05%	5.01%
Expected rate of return on plan assets	5.77%	5.70%	N/A	N/A	6.18%	6.20%	N/A	N/A	8.00%	6.50%	N/A	N/A
Rate of compensation increase (a)	N/A	2.77%	4.50%	4.21%	4.50%	3.15%	4.50%	4.21%	3.96%	3.25%	4.50%	4.42%

(a) As a result of ceasing the accrual of additional benefits for salaried plan participants, the rate of compensation increase does not have a significant effect on our U.S. pension and OPEB plans.

U.S. pension plan service cost includes administrative expenses of $97 million, $138 million and $138 million in the years ended December 31, 2013, 2012 and 2011. Weighted-average assumptions used to determine net expense are determined at the beginning of the period and updated for remeasurements. Non-U.S. pension plan service cost includes administrative expenses of $31 million and $28 million in the years ended December 31, 2013 and 2012.

The following table summarizes estimated amounts to be amortized from Accumulated other comprehensive loss into net periodic benefit cost in the year ending December 31, 2014 based on December 31, 2013 plan measurements (dollars in millions):

	U.S. Pension Plans	Non-U.S. Pension Plans	U.S. Other Benefit Plans	Non-U.S. Other Benefit Plans
Amortization of prior service cost (credit)	$ (4)	$ 19	$ (2)	$ (14)
Amortization of net actuarial (gain) loss	(91)	159	14	(6)
	$ (95)	$ 178	$ 12	$ (20)

Assumptions

Investment Strategies and Long-Term Rate of Return

Detailed periodic studies conducted by outside actuaries and an internal asset management group are used to determine the long-term strategic mix among asset classes, risk mitigation strategies, and the expected long-term return on asset assumptions for the U.S. pension plans. The U.S. study includes a review of alternative asset allocation and risk mitigation strategies, anticipated future long-term performance and risk of the individual asset classes that comprise the plans' asset mix. Similar studies are performed for the significant non-U.S. pension plans with the assistance of outside actuaries and asset managers. While the studies incorporate data from recent plan performance and historical returns, the expected long-term return on plan asset assumptions are determined based on long-term, prospective rates of return.

The strategic asset mix and risk mitigation strategies for the plans are tailored specifically for each plan. Individual plans have distinct liabilities, liquidity needs, and regulatory requirements. Consequently, there are different investment policies set by individual plan fiduciaries. Although investment policies and risk mitigation strategies may differ among plans, each investment strategy is considered to be appropriate in the context of the specific factors affecting each plan.

In setting new strategic asset mixes, consideration is given to the likelihood that the selected mixes will effectively fund the projected pension plan liabilities, while aligning with the risk tolerance of the plans' fiduciaries. The strategic asset mixes for U.S. defined benefit pension plans are increasingly designed to satisfy the competing objectives of improving funded positions (market value of assets equal to or greater than the present value of the liabilities) and mitigating the possibility of a deterioration in funded status.

Derivatives may be used to provide cost effective solutions for rebalancing investment portfolios, increasing or decreasing exposure to various asset classes and for mitigating risks, primarily interest rate and currency risks. Equity and fixed income managers are permitted to utilize derivatives as efficient substitutes for traditional physical securities. Interest rate derivatives may be used to adjust portfolio duration to align with a plan's targeted investment policy. Alternative investment managers are permitted to employ leverage, including through the use of derivatives, which may alter economic exposure.

In December 2013 an investment policy study was completed for the U.S. pension plans. The study resulted in new target asset allocations being approved for the U.S. pension plans with resulting changes to the expected long-term rate of return on assets. The weighted-average long-term rate of return on assets increased from 5.8% at December 31, 2012 to 6.5% at December 31, 2013 due primarily to higher yields on fixed income securities. The expected long-term rate of return on plan assets used in determining pension expense for non-U.S. plans is determined in a similar manner to the U.S. plans.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Target Allocation Percentages

The following table summarizes the target allocations by asset category for U.S. and non-U.S. defined benefit pension plans:

	December 31, 2013		December 31, 2012	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Asset Categories				
Equity	19%	28%	19%	30%
Debt	58%	49%	60%	53%
Other (a)	23%	23%	21%	17%
Total	100%	100%	100%	100%

(a) Primarily includes private equity, real estate and absolute return strategies which mainly consist of hedge funds.

Assets and Fair Value Measurements

The following tables summarize the fair value of defined benefit pension plan assets by asset class (dollars in millions):

	Fair Value Measurements of U.S. Plan Assets at December 31, 2013				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2013				Total U.S. and Non-U.S. Plan Assets
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets									
Cash equivalents and other short-term investments	$ —	$ 411	$ —	$ 411	$ —	$ 156	$ —	$ 156	$ 567
Common and preferred stocks (a)	10,234	70	6	10,310	1,816	6	—	1,822	12,132
Government and agency debt securities (b)	—	14,971	—	14,971	—	3,418	—	3,418	18,389
Corporate debt securities (c)	—	20,409	58	20,467	—	2,410	12	2,422	22,889
Mortgage and asset-backed securities	—	238	72	310	—	65	2	67	377
Investment funds									
Equity funds	72	190	44	306	128	1,930	—	2,058	2,364
Fixed income funds	27	8	113	148	—	927	12	939	1,087
Funds of hedge funds	—	—	4,285	4,285	—	—	733	733	5,018
Other investment funds	—	820	732	1,552	—	672	—	672	2,224
Private equity and debt investments (d)	—	—	6,335	6,335	—	—	430	430	6,765
Real estate investments (e)	390	4	4,127	4,521	13	12	1,405	1,430	5,951
Other investments	—	—	62	62	—	—	618	618	680
Derivatives									
Interest rate contracts	5	46	—	51	1	1	—	2	53
Foreign exchange and other contracts	12	111	—	123	2	43	—	45	168
Total assets	10,740	37,278	15,834	63,852	1,960	9,640	3,212	14,812	78,664
Liabilities									
Derivatives									
Interest rate contracts	(22)	(213)	(6)	(241)	(12)	—	—	(12)	(253)
Foreign exchange and other contracts	—	(98)	—	(98)	—	(56)	—	(56)	(154)
Total liabilities	(22)	(311)	(6)	(339)	(12)	(56)	—	(68)	(407)
Net plan assets subject to leveling	$ 10,718	$ 36,967	$ 15,828	63,513	$ 1,948	$ 9,584	$ 3,212	14,744	78,257
Other plan assets and liabilities (g)				653				242	895
Net Plan Assets				$ 64,166				$ 14,986	$ 79,152

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fair Value Measurements of U.S. Plan Assets at December 31, 2012				Fair Value Measurements of Non-U.S. Plan Assets at December 31, 2012				Total U.S. and Non-U.S. Plan Assets
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Assets									
Cash equivalents and other short-term investments	$ —	$ 551	$ —	$ 551	$ —	$ 151	$ —	$ 151	$ 702
Common and preferred stocks (a)	9,663	26	19	9,708	2,227	—	—	2,227	11,935
Government and agency debt securities (b)	—	17,835	—	17,835	—	3,722	—	3,722	21,557
Corporate debt securities (c)	—	19,116	77	19,193	—	2,596	2	2,598	21,791
Mortgage and asset-backed securities	—	1,804	105	1,909	—	54	3	57	1,966
Investment funds									
Equity funds	66	253	195	514	212	2,009	—	2,221	2,735
Fixed income funds	16	498	190	704	—	1,046	14	1,060	1,764
Funds of hedge funds	—	—	3,768	3,768	—	—	627	627	4,395
Other investment funds	—	837	806	1,643	—	35	—	35	1,678
Private equity and debt investments (d)	—	—	6,400	6,400	—	—	381	381	6,781
Real estate investments (e)	412	—	4,335	4,747	19	31	1,422	1,472	6,219
Other investments	—	—	63	63	—	—	665	665	728
Derivatives									
Interest rate contracts	15	1,553	—	1,568	—	—	—	—	1,568
Foreign exchange and other contracts	6	124	1	131	2	40	—	42	173
Total assets	10,178	42,597	15,959	68,734	2,460	9,684	3,114	15,258	83,992
Liabilities									
Mortgage and asset-backed securities (f)	—	(15)	—	(15)	—	—	—	—	(15)
Derivatives									
Interest rate contracts	(21)	(977)	(8)	(1,006)	(4)	—	—	(4)	(1,010)
Foreign exchange and other contracts	(4)	(123)	(1)	(128)	(1)	(36)	—	(37)	(165)
Total liabilities	(25)	(1,115)	(9)	(1,149)	(5)	(36)	—	(41)	(1,190)
Net plan assets subject to leveling	$ 10,153	$ 41,482	$ 15,950	67,585	$ 2,455	$ 9,648	$ 3,114	15,217	82,802
Other plan assets and liabilities (g)				500				324	824
Net Plan Assets				$ 68,085				$ 15,541	$ 83,626

(a) Includes GM common stock of $2 million and $1.4 billion in Level 1 of U.S. plan assets at December 31, 2013 and 2012.
(b) Includes U.S. and sovereign government and agency issues. Excludes mortgage and asset-backed securities.
(c) Includes bank debt obligations.
(d) Includes private equity investment funds.
(e) Includes investment funds and public real estate investment trusts.
(f) Primarily investments sold short.
(g) Cash held by the plans, net of amounts receivable/payable for unsettled security transactions and payables for investment manager fees, custody fees and other expenses.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for U.S. plan assets measured at fair value using Level 3 inputs (dollars in millions):

	Balance at January 1, 2013	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2013	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2013
Assets						
Common and preferred stocks	$ 19	$ 3	$ (16)	$ —	$ 6	$ 1
Corporate debt securities	77	5	(24)	—	58	(2)
Mortgage and asset-backed securities	105	1	(34)	—	72	(1)
Investment funds						
Equity funds	195	(3)	(148)	—	44	—
Fixed income funds	190	17	(94)	—	113	11
Funds of hedge funds	3,768	498	19	—	4,285	497
Other investment funds	806	40	(114)	—	732	29
Private equity and debt investments	6,400	926	(991)	—	6,335	436
Real estate investments	4,335	458	(666)	—	4,127	190
Other investments	63	(2)	1	—	62	(2)
Total assets	15,958	1,943	(2,067)	—	15,834	1,159
Derivatives, net						
Interest rate contracts	(8)	2	—	—	(6)	1
Total net assets	$ 15,950	$ 1,945	$ (2,067)	$ —	$ 15,828	$ 1,160

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/ Out of Level 3	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets						
Common and preferred stocks	$ 46	$ 1	$ (25)	$ (3)	$ 19	$ 3
Government and agency debt securities	3	(1)	(2)	—	—	—
Corporate debt securities	352	1	(258)	(18)	77	(35)
Mortgage and asset-backed securities	197	34	(120)	(6)	105	24
Group annuity contracts	3,209	77	(3,286)	—	—	—
Investment funds						
Equity funds	521	51	(414)	37	195	18
Fixed income funds	1,210	47	(1,067)	—	190	(3)
Funds of hedge funds	5,918	310	(2,460)	—	3,768	239
Other investment funds	2,270	55	(1,531)	12	806	(2)
Private equity and debt investments	8,444	1,022	(3,038)	(28)	6,400	154
Real estate investments	5,092	198	(955)	—	4,335	(80)
Other investments	—	—	63	—	63	—
Total assets	27,262	1,795	(13,093)	(6)	15,958	318
Derivatives, net						
Interest rate contracts	7	3	(14)	(4)	(8)	(1)
Foreign exchange and other contracts	(6)	1	5	—	—	—
Total net assets	$ 27,263	$ 1,799	$ (13,102)	$ (10)	$ 15,950	$ 317

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables summarize the activity for non-U.S. plan assets measured at fair value using Level 3 inputs (dollars in millions):

	Balance at January 1, 2013	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Effect of Foreign Currency	Balance at December 31, 2013	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2013
Assets							
Corporate debt securities	$ 2	$ 1	$ 8	$ 1	$ —	$ 12	$ 1
Mortgage and asset-backed securities	3	—	(1)	—	—	2	—
Investment funds							
Fixed income funds	14	(1)	(1)	—	—	12	—
Funds of hedge funds	627	111	28	—	(33)	733	112
Private equity and debt investments	381	73	3	—	(27)	430	53
Real estate investments	1,422	103	(57)	—	(63)	1,405	122
Other investments	665	(10)	(43)	—	6	618	4
Total assets	$ 3,114	$ 277	$ (63)	$ 1	$ (117)	$ 3,212	$ 292

	Balance at January 1, 2012	Net Realized/ Unrealized Gains (Losses)	Purchases, Sales and Settlements, Net	Transfers Into/Out of Level 3	Effect of Foreign Currency	Balance at December 31, 2012	Change in Unrealized Gains/(Losses) Attributable to Assets Held at December 31, 2012
Assets							
Government and agency debt securities	$ 1	$ —	$ (1)	$ —	$ —	$ —	$ —
Corporate debt securities	4	2	(4)	—	—	2	—
Mortgage and asset-backed securities	4	—	(4)	3	—	3	—
Investment funds							
Equity funds	146	(24)	(124)	—	2	—	—
Fixed income funds	20	—	(6)	—	—	14	—
Funds of hedge funds	585	25	—	—	17	627	26
Other investment funds	247	17	(269)	—	5	—	—
Private equity and debt investments	298	46	29	—	8	381	24
Real estate investments	1,345	123	(82)	—	36	1,422	119
Other investments	428	16	203	—	18	665	10
Total assets	$ 3,078	$ 205	$ (258)	$ 3	$ 86	$ 3,114	$ 179

Investment Fund Strategies

Equity funds include funds that invest in U.S. common and preferred stocks as well as similar equity securities issued by companies incorporated, listed or domiciled in developed and/or emerging markets countries.

Fixed income funds include investments in high quality and high yield funds as well as in credit arbitrage funds. High quality fixed income funds invest in government securities, investment-grade corporate bonds, mortgages and asset-backed securities. High yield fixed income funds invest in high yield fixed income securities issued by corporations which are rated below investment grade, are unrated but are believed by the investment manager to have similar risk characteristics or are rated investment grade or higher but are priced at yields comparable to securities rated below investment grade and believed to have similar risk characteristics. Credit arbitrage funds invest in a variety of credit and credit-related instruments that allow fund managers to profit from mispricing of these credit instruments. Certain derivatives may be used for hedging purposes by some fixed income fund managers to limit exposure to various risk factors.

Funds of hedge funds represent funds that invest in a portfolio of hedge funds. Fund managers typically seek to achieve their objectives by allocating capital across a broad array of funds and/or investment managers.

Other investment funds primarily represent multi-strategy funds. These funds invest in broadly diversified portfolios of equity, fixed income and derivative instruments. Certain funds may also employ multiple alternative investment strategies, in combination, such as global macro, event-driven (which seeks to profit from opportunities created by significant transactional events such as spin-offs, mergers and acquisitions, bankruptcy reorganizations, recapitalizations and share buybacks) and relative value (which seeks to take advantage of pricing discrepancies between instruments including equities, debt, options and futures).

Private equity and debt investments principally consists of investments in private equity and debt funds. These investments provide exposure to and benefit from long-term equity investments in private companies, including leveraged buy-outs, venture capital and distressed debt strategies.

Real estate investments include funds that invest in entities which are principally engaged in the ownership, acquisition, development, financing, sale and/or management of income-producing real estate properties, both commercial and residential. These funds typically seek long-term growth of capital and current income that is above average relative to public equity funds.

Significant Concentrations of Risk

The assets of the pension plans include certain private investment funds, private equity and debt securities, real estate investments and derivative instruments. Investment managers may be unable to quickly sell or redeem some or all of these investments at an amount close or equal to fair value in order to meet a plan's liquidity requirements or to respond to specific events such as deterioration in the creditworthiness of any particular issuer or counterparty.

Illiquid investments held by the plans are generally long-term investments that complement the long-term nature of pension obligations and are not used to fund benefit payments when currently due. Plan management monitors liquidity risk on an ongoing basis and has procedures in place that are designed to maintain flexibility in addressing plan-specific, broader industry and market liquidity events.

The pension plans may invest in financial instruments denominated in foreign currencies and may be exposed to risks that the foreign currency exchange rates might change in a manner that has an adverse effect on the value of the foreign currency denominated assets or liabilities. Forward currency contracts may be used to manage and mitigate foreign currency risk.

The pension plans may invest in fixed income securities for which any change in the relevant interest rates for particular securities might result in an investment manager being unable to secure similar returns upon the maturity or the sale of securities. In addition, changes to prevailing interest rates or changes in expectations of future interest rates might result in an increase or decrease in the fair value of the securities held. Interest rate swaps and other financial derivative instruments may be used to manage interest rate risk.

Counterparty credit risk is the risk that a counterparty to a financial instrument will default on its commitment. Counterparty risk is primarily related to over-the-counter derivative instruments used to manage risk exposures related to interest rates on long-term debt securities and foreign currency exchange rate fluctuations. The risk of default can be influenced by various factors including macro-economic conditions, market liquidity, fiscal and monetary policies and counterparty-specific characteristics and activities. Certain agreements with counterparties employ set-off, collateral support arrangements and other risk mitigating procedures designed to reduce the net exposure to credit risk in the event of counterparty default. Credit policies and processes are in place to manage concentrations of counterparty risk by seeking to undertake transactions with large well-capitalized counterparties and by monitoring the creditworthiness of these counterparties. The majority of derivatives held by the plans at December 31, 2013 were fully collateralized and therefore, the related counterparty credit risk was significantly reduced.

Pension Funding Requirements

We are subject to a variety of U.S. federal rules and regulations, including the Employee Retirement Income Security Act of 1974, as amended and the Pension Protection Act of 2006, which govern the manner in which we fund and administer our pensions for our retired employees and their spouses. In 2012 the U.S. government enacted the Moving Ahead for Progress in the 21st Century Act which allows plan sponsors funding relief for pension plans through the application of higher funding interest rates. As a result, under current economic conditions, we expect no mandatory contributions to our U.S. qualified pension plans for at least five years. The new law does not impact our reported funded status. We have no funding requirements for our U.S. qualified plans in 2014.

We also maintain pension plans for employees in a number of countries outside the U.S. which are subject to local laws and regulations.

Benefit Payments

The following table summarizes net benefit payments expected to be paid in the future, which include assumptions related to estimated future employee service (dollars in millions):

	Pension Benefits (a)		Other Benefits	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
2014	$ 5,780	$ 1,609	$ 376	$ 77
2015	$ 5,687	$ 1,597	$ 364	$ 65
2016	$ 5,475	$ 1,688	$ 352	$ 65
2017	$ 5,368	$ 1,711	$ 341	$ 65
2018	$ 5,210	$ 1,581	$ 332	$ 66
2019 - 2023	$ 24,019	$ 7,858	$ 1,576	$ 357

(a) Benefits for most U.S. pension plans and certain non-U.S. pension plans are paid out of plan assets rather than our Cash and cash equivalents.

Note 16. Derivative Financial Instruments

Automotive

At December 31, 2013 and 2012 our derivative instruments consisted primarily of options and forward contracts, none of which were designated as hedging relationships. We had derivative instruments in asset positions with notional amounts of $9.3 billion and $9.1 billion and liability positions with notional amounts of $427 million and $1.6 billion at December 31, 2013 and 2012. The fair value of these derivative instruments was insignificant.

Automotive Financing — GM Financial

GM Financial had interest rate swaps and caps in asset positions with notional amounts of $3.8 billion and $775 million and liability positions with notional amounts of $5.5 billion and $775 million at December 31, 2013 and 2012. As a result of the acquisition of certain Ally Financial international operations, GM Financial had foreign currency swaps with notional amounts of $1.7 billion and $2.1 billion in asset and liability positions at December 31, 2013. The fair value of these derivative financial instruments was insignificant.

Note 17. Commitments and Contingencies

The following tables summarize information related to commitments and contingencies (dollars in millions):

	December 31, 2013		December 31, 2012	
	Liability Recorded	Maximum Liability (a)	Liability Recorded	Maximum Liability (a)
Guarantees				
Third-party commercial loans and other obligations (b)	$ 51	$ 15,616	$ 168	$ 22,496
Other product-related claims	$ 54	$ 1,317	$ 51	$ 1,040

(a) Calculated as future undiscounted payments.

(b) Includes liabilities recorded of $10 million and $15 million and maximum liabilities of $15.3 billion and $22.1 billion related to Ally Financial repurchase obligations at December 31, 2013 and 2012.

	Liability Recorded	
	December 31, 2013	December 31, 2012
Other litigation-related liability and tax administrative matters (a)	$ 1,227	$ 1,728
Product liability	$ 690	$ 601
Credit card programs (b)		
Redemption liability (c)	$ 183	$ 209
Deferred revenue (d)	$ 295	$ 355
Environmental liability	$ 154	$ 166

(a) Primarily indirect tax-related litigation as well as various non-U.S. labor related matters.

(b) At December 31, 2013 and 2012 qualified cardholders had rebates available, net of deferred program revenue, of approximately $2.6 billion and $2.9 billion.

(c) Recorded in Accrued liabilities.

(d) Recorded in Other liabilities and deferred income taxes.

Guarantees

We provide payment guarantees on commercial loans outstanding with third parties, such as dealers or rental car companies. These guarantees either expire in 2018 or are ongoing. We determined the fair value ascribed to the guarantees at inception and subsequent to inception to be insignificant based on the credit worthiness of the third parties.

We have agreements with third parties that guarantee the fulfillment of certain suppliers' commitments and other obligations. These guarantees expire in 2014 through 2016 or are ongoing, or upon the occurrence of specific events.

In some instances certain assets of the party whose debt or performance we have guaranteed may offset, to some degree, the cost of the guarantee. The offset of certain of our payables to guaranteed parties may also offset certain guarantees, if triggered. If vehicles are required to be repurchased under vehicle repurchase obligations, the total exposure would be reduced to the extent vehicles are able to be resold to another dealer.

In connection with certain divestitures of assets or operating businesses, we have entered into agreements indemnifying certain buyers and other parties with respect to environmental conditions and other closure costs pertaining to real property we owned. We periodically enter into agreements that incorporate indemnification provisions in the normal course of business. It is not possible to estimate our maximum exposure under these indemnifications or guarantees due to the conditional nature of these obligations. Immaterial amounts have been recorded for such obligations as the majority of them are not probable or estimable at this time and the fair value of the guarantees at issuance was insignificant.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition to the guarantees and indemnifying agreements previously discussed, we indemnify dealers for certain product liability related claims as subsequently discussed.

With respect to other product-related claims involving products manufactured by certain joint ventures, we believe that costs incurred are adequately covered by recorded accruals. These guarantees terminate in years ranging from 2020 to 2027.

Other Litigation-Related Liability and Tax Administrative Matters

Various legal actions, governmental investigations, claims and proceedings are pending against us including matters arising out of alleged product defects; employment-related matters; governmental regulations relating to safety, emissions and fuel economy; product warranties; financial services; dealer, supplier and other contractual relationships; tax-related matters not recorded pursuant to ASC 740, "Income Taxes" (indirect tax-related matters) and environmental matters.

With regard to the litigation matters discussed in the previous paragraph, reserves have been established for matters in which we believe that losses are probable and can be reasonably estimated, the majority of which are associated with indirect tax-related matters as well as non-U.S. labor-related matters. Indirect tax-related matters are being litigated globally pertaining to value added taxes, customs, duties, sales, property taxes and other non-income tax related tax exposures. The various non-U.S. labor-related matters include claims from current and former employees related to alleged unpaid wage, benefit, severance and other compensation matters. Certain South American administrative proceedings are indirect tax-related and may require that we deposit funds in escrow. Escrow deposits may range from $500 million to $800 million. Some of the matters may involve compensatory, punitive or other treble damage claims, environmental remediation programs or sanctions that, if granted, could require us to pay damages or make other expenditures in amounts that could not be reasonably estimated at December 31, 2013. We believe that appropriate accruals have been established for such matters based on information currently available. Reserves for litigation losses are recorded in Accrued liabilities and Other liabilities and deferred income taxes. Litigation is inherently unpredictable however; and unfavorable resolutions could occur. Accordingly it is possible that an adverse outcome from such proceedings could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows in any particular reporting period.

GM Korea Wage Litigation

Commencing on or about September 29, 2010 current and former hourly employees of GM Korea filed eight separate group actions in the Incheon District Court in Incheon, Korea. The cases, which in aggregate involve more than 10,000 employees, allege that GM Korea failed to include bonuses and certain allowances in its calculation of Ordinary Wages due under the Presidential Decree of the Korean Labor Standards Act. In November 2012 the Seoul High Court (an intermediate level appellate court) issued a decision affirming a decision of the Incheon District Court in a case involving five GM Korea employees which was contrary to GM Korea's position in all of these cases. GM Korea appealed to the Supreme Court of the Republic of Korea (Supreme Court) and initiated a constitutional challenge to the adverse interpretation of the relevant statute. At September 30, 2013 we had an accrual of 843 billion South Korean Won (equivalent to $784 million) in connection with these cases. In December 2013, the Supreme Court rendered a decision in a case involving another company not affiliated with us which addressed many of the issues presented in the cases pending against GM Korea and resolved many of them in a manner which we believe is favorable to GM Korea. In particular, while the Supreme Court held that fixed bonuses should be included in the calculation of Ordinary Wages, it also held that claims for retroactive application of this rule would be barred under certain circumstances. We believe the Supreme Court's reasoning is applicable to GM Korea, even though GM Korea's case remains pending before the Supreme Court. Accordingly, we have eliminated the accrual associated with these cases. In the year ended December 31, 2013 we recorded a net reduction of our accrual of 746 billion South Korean Won (equivalent to $711 million) to Automotive cost of sales (77% of which is reflected in our Net income attributable to stockholders based on our ownership interest in GM Korea). We estimate our reasonably possible loss, as defined by ASC 450, "Contingencies," to be 632 billion South Korean Won (equivalent to $599 million) at December 31, 2013. We are also party to litigation with current and former salaried employees over allegations relating to Ordinary Wages regulation. Although the issues differ due to differences between hourly and salaried benefit design, we believe the latest decision of the Supreme Court also impacts this litigation. At December 31, 2013 we have identified a reasonably possible loss in excess of the amount of our accrual of 165 billion South Korean Won (equivalent to $156 million). Both the scope of claims asserted and GM Korea's assessment of any or all of the individual claim elements may change if new information becomes available.

GMCL Dealers' Claim

On February 12, 2010 a claim was filed in the Ontario Superior Court of Justice against GMCL on behalf of a purported class of over 200 former GMCL dealers (the Plaintiff Dealers) which had entered into wind-down agreements with GMCL. In May 2009 in the context of the global restructuring of the business and the possibility that GMCL might be required to initiate insolvency proceedings, GMCL offered the Plaintiff Dealers the wind-down agreements to assist with their exit from the GMCL dealer network and to facilitate winding down their operations in an orderly fashion by December 31, 2009 or such other date as GMCL approved but no later than on October 31, 2010. The Plaintiff Dealers allege that the Dealer Sales and Service Agreements were wrongly terminated by GMCL and that GMCL failed to comply with certain disclosure obligations, breached its statutory duty of fair dealing and unlawfully interfered with the Plaintiff Dealers' statutory right to associate in an attempt to coerce the Plaintiff Dealers into accepting the wind-down agreements. The Plaintiff Dealers seek damages and assert that the wind-down agreements are rescindable. The Plaintiff Dealers' initial pleading makes reference to a claim "not exceeding" Canadian Dollar $750 million, without explanation of any specific measure of damages. On March 1, 2011 the court approved certification of a class for the purpose of deciding a number of specifically defined issues including: (1) whether GMCL breached its obligation of "good faith" in offering the wind-down agreements; (2) whether GMCL interfered with the Plaintiff Dealers' rights of free association; (3) whether GMCL was obligated to provide a disclosure statement and/or disclose more specific information regarding its restructuring plans in connection with proffering the wind-down agreements; and (4) assuming liability, whether the Plaintiff Dealers can recover damages in the aggregate (as opposed to proving individual damages). A number of former dealers have opted out of participation in the litigation, leaving 181 dealers in the certified class. Trial of the class issues is scheduled to occur in the third quarter of 2014. The current prospects for liability are uncertain, but because liability is not deemed probable we have no accrual relating to this litigation. We cannot estimate the range of reasonably possible loss in the event of liability as the case presents a variety of different legal theories, none of which GMCL believes are valid.

UAW Claim

On April 6, 2010 the UAW filed suit against us in the U.S. District Court for the Eastern District of Michigan claiming that we breached an obligation to contribute $450 million to the UAW Retiree Medical Benefits Trust (New VEBA). The UAW alleges that we were contractually required to make this contribution. On December 10, 2013 the court granted our motion for summary judgment and dismissed the claims asserted by the UAW, holding that the relevant agreement is unambiguous and does not require the payment sought. The UAW has appealed. At this juncture, we believe the prospects for liability on the claims asserted in this matter are remote.

Nova Scotia Claims Litigation

We were a participating party-in-interest in proceedings pending in the U.S. Bankruptcy Court for the Southern District of New York to adjudicate claims in the Old GM bankruptcy arising from certain securities issued by General Motors Nova Scotia Finance Company (Nova Scotia Finance), an Old GM subsidiary which we did not acquire in 2009 (Nova Scotia Claims Litigation). Although the proceedings involved no claims against us, they presented issues which, depending upon their resolution, could have resulted in future claims against GMCL. In December 2013, pursuant to the agreement, GMCL paid $50 million to, or as directed by, the Trustee of Nova Scotia Finance and we (including our subsidiaries and affiliates) were released from all claims relating to Nova Scotia Finance, the Nova Scotia Claims Litigation and the transactions at issue in the litigation.

Product Liability

With respect to product liability claims involving our and Old GM's products, we believe that any judgment against us for actual damages will be adequately covered by our recorded accruals and, where applicable, excess liability insurance coverage. Although punitive damages are claimed in some of these lawsuits and such claims are inherently unpredictable, accruals incorporate historic experience with these types of claims. Liabilities have been recorded in Accrued liabilities and Other liabilities and deferred income taxes for the expected cost of all known product liability claims plus an estimate of the expected cost for product liability claims that have already been incurred and are expected to be filed in the future for which we are self-insured.

We indemnify dealers for certain product liability related claims including products sold by Old GM. We monitor actual claims experience and make periodic adjustments to our estimates. Based on both management's judgment concerning the projected number and value of both dealer indemnification obligations and product liability claims, we have applied actuarial methodologies and estimated the liability. We expect our product liability reserve to rise in future periods as new claims arise from incidents subsequent to July 9, 2009.

Credit Card Programs

Credit card programs offer rebates that can be applied primarily against the purchase or lease of our vehicles.

Environmental Liability

Automotive operations, like operations of other companies engaged in similar businesses, are subject to a wide range of environmental protection laws, including laws regulating air emissions, water discharges, waste management and environmental remediation. Liabilities have been recorded primarily in Other liabilities and deferred income taxes for the expected costs to be paid over the periods of remediation for the applicable sites, which typically range from five to 30 years.

The final outcome of environmental matters cannot be predicted with certainty at this time. Subsequent adjustments to initial estimates are recorded as necessary based upon additional information obtained. In future periods new laws or regulations, advances in remediation technologies and additional information about the ultimate remediation methodology to be used could significantly change our estimates. It is possible that the resolution of one or more environmental matters could exceed the amounts accrued in an amount that could be material to our financial condition, results of operations and cash flows. At December 31, 2013 we estimate the remediation losses could range from $120 million to $230 million.

Other Matters

Brazil Excise Tax Incentive

In October 2012 the Brazilian government issued a decree which increased an excise tax rate by 30 percentage points, but also provided an offsetting tax incentive that requires participating companies to meet certain criteria, such as local investment and fuel efficiency standards. Participating companies that fail to meet the required criteria are subject to clawback provisions and fines. At December 31, 2013 we believe it is reasonably assured that the program requirements will be met based on the current business model and available technologies.

GME Planned Spending Guarantee

As part of our Opel/Vauxhall restructuring plan agreed to with European labor representatives we have committed to achieving specified milestones associated with planned spending from 2011 to 2014 on certain product programs. If we fail to accomplish the requirements set out under the agreement we will be required to pay certain amounts up to Euro 265 million for each of those years, and/or interest on those amounts, to our employees. Certain inventory with a carrying amount of $200 million and $186 million at December 31, 2013 and 2012 was pledged as collateral under the agreement. Through December 31, 2013 spending was sufficient to meet the current requirements under the agreement and the specified milestones have been accomplished. Management has the intent and believes it has the ability to meet the future requirements under the agreement.

India Tavera Emissions Compliance

We have identified an emissions compliance issue with the Tavera produced in India. We have self-reported this issue to local government authorities and will cooperate with any review they may conduct. It is too early to determine the impact this issue will have on us or our Indian operations.

Asset Retirement Obligations

Asset retirement obligations relate to legal obligations associated with retirement of tangible long-lived assets that result from acquisition, construction, development or normal operation of a long-lived asset. An analysis is performed of such obligations associated with all real property owned or leased, including facilities, warehouses and offices. Estimates of conditional asset retirement obligations relate, in the case of owned properties, to costs estimated to be necessary for the legally required removal or remediation of various regulated materials, primarily asbestos. Asbestos abatement was estimated using site-specific surveys where available and a per square foot estimate where surveys were unavailable. For leased properties such obligations relate to the estimated cost of contractually required property restoration. At December 31, 2013 and 2012 accruals for asset retirement obligations were $159 million and $116 million.

Noncancelable Operating Leases

The following table summarizes our minimum commitments under noncancelable operating leases having initial terms in excess of one year, primarily for property (dollars in millions):

	2014	2015	2016	2017	2018	Thereafter
Minimum commitments (a)	$ 363	$ 290	$ 225	$ 156	$ 132	$ 499
Sublease income	(52)	(58)	(60)	(59)	(56)	(293)
Net minimum commitments	$ 311	$ 232	$ 165	$ 97	$ 76	$ 206

(a) Certain of the leases contain escalation clauses and renewal or purchase options.

Rental expense under operating leases was $477 million, $474 million and $556 million in the years ended December 31, 2013, 2012 and 2011.

Note 18. Income Taxes

The following table summarizes income (loss) before income taxes and equity income and gain on investments (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
U.S. income (loss)	$ 4,880	$(19,063)	$ 2,883
Non-U.S. income (loss)	768	(11,194)	3,102
Income (loss) before income taxes and equity income and gain on investments	$ 5,648	$(30,257)	$ 5,985

Income Tax Expense (Benefit)

The following table summarizes Income tax expense (benefit) (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Current income tax expense (benefit)			
U.S. federal	$ (34)	$ 6	$(134)
U.S. state and local	88	78	58
Non-U.S.	512	646	275
Total current income tax expense	566	730	199
Deferred income tax expense (benefit)			
U.S. federal	1,049	(28,965)	8
U.S. state and local	137	(3,415)	(28)
Non-U.S.	375	(3,181)	(289)
Total deferred income tax expense (benefit)	1,561	(35,561)	(309)
Total income tax expense (benefit)	$ 2,127	$(34,831)	$(110)

Provisions are made for estimated U.S. and non-U.S. income taxes, less available tax credits and deductions, which may be incurred on the remittance of our basis differences in investments in foreign subsidiaries and corporate joint ventures not deemed to be indefinitely reinvested. Taxes have not been provided on basis differences in investments primarily as a result of earnings in foreign subsidiaries and corporate joint ventures which are deemed indefinitely reinvested of $2.6 billion and $1.4 billion at December 31, 2013 and 2012. Additional basis differences in investments in nonconsolidated China JVs exist of $4.1 billion at December 31, 2013 and 2012 primarily related to fresh-start reporting. Quantification of the deferred tax liability, if any, associated with indefinitely reinvested basis differences is not practicable.

The following table summarizes a reconciliation of Income tax expense (benefit) compared with the amounts at the U.S. federal statutory rate (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Income tax expense (benefit) at U.S. federal statutory income tax rate	$ 1,977	$(10,590)	$ 2,094
State and local tax expense	145	254	215
Non-U.S. income taxed at other than 35%	(168)	908	(172)
Foreign tax credit election change	—	(1,075)	—
U.S. tax on Non-U.S. income	543	713	(122)
Change in valuation allowance	182	(33,917)	(2,386)
Change in tax laws	146	67	(33)
Research incentives	(490)	(68)	(45)
Gain on sale of New Delphi equity interests	—	—	599
Goodwill impairment	124	8,705	377
Settlements of prior year tax matters	(473)	—	(56)
VEBA contribution	—	—	(476)
Foreign currency remeasurement	(21)	(36)	59
Pension contribution	—	—	(127)
U.S. salaried pension plan settlement	—	541	—
Other adjustments	162	(333)	(37)
Total income tax expense (benefit)	$ 2,127	$(34,831)	$ (110)

Deferred Income Tax Assets and Liabilities

Deferred income tax assets and liabilities at December 31, 2013 and 2012 reflect the effect of temporary differences between amounts of assets, liabilities and equity for financial reporting purposes and the bases of such assets, liabilities and equity as measured by tax laws, as well as tax loss and tax credit carryforwards. The following table summarizes the components of temporary differences and carryforwards that give rise to deferred tax assets and liabilities (dollars in millions):

	December 31, 2013	December 31, 2012
Deferred tax assets		
Postretirement benefits other than pensions	$ 2,902	$ 3,494
Pension and other employee benefit plans	5,469	8,536
Warranties, dealer and customer allowances, claims and discounts	4,282	4,277
Property, plants and equipment	2,464	2,225
Capitalized research expenditures	7,179	6,106
Operating loss and tax credit carryforwards (a)	19,342	20,220
Miscellaneous	1,663	3,443
Total deferred tax assets before valuation allowances	43,301	48,301
Less: valuation allowances	(10,823)	(10,991)
Total deferred tax assets	32,478	37,310
Deferred tax liabilities		
Intangible assets	397	724
Net deferred tax assets	$ 32,081	$ 36,586

(a) Includes operating loss and tax credit carryforwards of $16.3 billion expiring through 2033 and $3.0 billion that may be carried forward indefinitely at December 31, 2013.

At December 31, 2013 we retained valuation allowances of $10.8 billion against deferred tax assets primarily in GME and South Korea business units with losses and in the U.S. and Canada related primarily to capital loss tax attributes and state operating loss carryforwards.

At December 31, 2012 as a result of sustained profitability in the U.S. and Canada evidenced by three years of earnings and the completion of our near- and medium-term business plans in the three months ended December 31, 2012 that forecast continuing profitability, we determined it was more likely than not future earnings will be sufficient to realize deferred tax assets in these two jurisdictions. Accordingly we reversed most of the U.S. and Canadian valuation allowances resulting in non-cash income tax benefits of $33.2 billion and $3.1 billion.

At December 31, 2011 as a result of sustained profitability in Australia, we released the valuation allowance against deferred tax assets. The reduction in the valuation allowance resulted in a non-cash income tax benefit of $502 million. In Australia we have net operating loss carryforwards which are subject to meeting a "Same Business Test" requirement that we assess on a quarterly basis. At December 31, 2013 as a result of our plans to cease vehicle and engine manufacturing at Holden, we determined that it was more likely than not Holden would not realize a portion of the deferred tax assets and recorded a valuation allowance in the amount of $133 million.

Uncertain Tax Positions

The following table summarizes activity of the total amounts of unrecognized tax benefits (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Beginning balance	$ 2,745	$ 2,370	$ 5,169
Additions to current year tax positions	251	112	129
Additions to prior years' tax positions	276	512	562
Reductions to prior years' tax positions	(535)	(141)	(1,002)
Reductions in tax positions due to lapse of statutory limitations	(73)	(34)	(64)
Settlements	(132)	(112)	(2,399)
Other	(2)	38	(25)
Ending balance	$ 2,530	$ 2,745	$ 2,370

At December 31, 2013 and 2012 there are $1.5 billion and $1.2 billion of unrecognized tax benefits that if recognized would favorably affect our effective tax rate in the future. In the years ended December 31, 2013, 2012 and 2011 we recorded income tax related interest expense (benefit) and penalties of $(25) million, $44 million and $(145) million. The interest and penalty benefit in the year ended December 31, 2011 was due primarily to remeasurements, settlements and statute expirations. At December 31, 2013 and 2012 we had liabilities of $286 million and $222 million for income tax related interest and penalties.

In November 2013 we remeasured a previously disclosed uncertain tax position and recorded a $473 million tax benefit that increased net operating loss carryforwards, reducing future taxable income.

In the year ended December 31, 2011 certain issues were resolved relating to uncertain tax positions in jurisdictions which had full valuation allowances. The resolution of these matters resulted in a $2.7 billion reduction to gross uncertain positions. No tax benefit was recognized with respect to these reductions because the entities were in full valuation allowance jurisdictions or the amounts were reserved in a prior period.

At December 31, 2013 it is not possible to reasonably estimate the expected change to the total amount of unrecognized tax benefits in the next twelve months.

Other Matters

Income tax returns are filed in multiple jurisdictions and are subject to examination by taxing authorities throughout the world. We have open tax years from 2005 to 2013 with various significant tax jurisdictions. These open years contain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, character, timing or inclusion of revenue and expenses or the sustainability of income tax credits for a given audit cycle. Given the global nature of our operations there is a risk that transfer pricing disputes may arise.

We have net operating loss carryforwards in Germany through November 30, 2009 that, as a result of reorganizations that took place in 2008 and 2009, were not recorded as deferred tax assets. Depending on the outcome of European court decisions these loss carryforwards may be available to reduce future taxable income in Germany.

In June 2011 we settled a Brazilian income tax matter for $241 million that was reserved and disclosed in a prior period.

In the U.S. we have continuing responsibility for Old GM's open tax years. Old GM was liquidated on December 15, 2011. The Internal Revenue Service has audited the returns through the liquidation date and, in January 2014, the audit of these returns was closed. The reduction to the amount of unrecognized tax benefits is not expected to be significant. In January 2013 the U.S. Congress enacted federal income tax legislation including an extension of the research credit for tax years 2012 and 2013. As a result, in the year ended December 31, 2013 we recorded an income tax benefit related to the 2012 research credit of approximately $200 million.

Note 19. Restructuring and Other Initiatives

We have previously executed various restructuring and other initiatives and we plan to execute additional initiatives in the future, if necessary, in order to align manufacturing capacity and other costs with prevailing global automotive production and to improve the utilization of remaining facilities. To the extent these programs involve voluntary separations, no liabilities are generally recorded until offers to employees are accepted. If employees are involuntarily terminated, a liability is generally recorded at the communication date. Related charges are recorded in Automotive cost of sales and Automotive selling, general and administrative expense.

The following table summarizes the reserves related to restructuring and other initiatives and charges by segment, including postemployment benefit reserves and charges (dollars in millions):

	GMNA	GME	GMIO	GMSA	Total
Balance at January 1, 2011 (a)	$ 1,135	$ 664	$ 3	$ —	$ 1,802
Additions, interest accretion and other	104	449	—	81	634
Payments	(366)	(395)	(2)	(68)	(831)
Revisions to estimates	19	(9)	—	—	10
Effect of foreign currency	(8)	(22)	—	(1)	(31)
Balance at December 31, 2011 (a)	884	687	1	12	1,584
Additions, interest accretion and other	140	254	84	92	570
Payments	(304)	(344)	(46)	(55)	(749)
Revisions to estimates	(78)	(17)	(1)	(11)	(107)
Effect of foreign currency	11	10	1	—	22
Balance at December 31, 2012 (a)	653	590	39	38	1,320
Additions, interest accretion and other	58	202	404	50	714
Payments	(182)	(299)	(111)	(68)	(660)
Revisions to estimates	(16)	(9)	(3)	(1)	(29)
Effect of foreign currency	(16)	19	4	(3)	4
Balance at December 31, 2013 (a)	$ 497	$ 503	$ 333	$ 16	$ 1,349

(a) The remaining cash payments related to these reserves for restructuring and other initiatives, including temporary layoff benefits of $353 million, $356 million and $376 million at December 31, 2013, 2012 and 2011 for GMNA, primarily relate to postemployment benefits to be paid.

Year Ended December 31, 2013

GMNA recorded charges, interest accretion and other and revisions to estimates primarily related to cash severance incentive programs for skilled trade U.S. hourly employees and service cost for hourly layoff benefits. Due to the expected closure of the Oshawa Consolidated Plant in December 2016, affected employees will be eligible for a voluntary restructuring separation incentive program in accordance with the existing collective bargaining agreement that provides cash and a car voucher. During 2013 some of the affected employees separated and the related costs were recorded.

GME recorded charges, interest accretion and other and revisions to estimates primarily related to our plan to terminate all vehicle and transmission production at our Bochum, Germany facility by the end of 2014. Through December 31, 2013 the active separation programs related to Germany had a total cost of $194 million and had affected a total of 450 employees. We expect to complete these programs in 2014 and incur additional charges of $650 million, which will affect an additional 3,300 employees.

GMIO recorded charges, interest accretion and other and revisions to estimates for separation programs in Australia and Korea and programs related to the withdrawal of the Chevrolet brand from Europe described below. Through December 31, 2013 the active separation programs in GMIO had a total cost of $420 million and had affected a total of 4,100 employees. We expect to complete these programs in 2017 and incur additional restructuring and other charges of $640 million.

GMSA recorded charges for active separation programs in Brazil. Through December 31, 2013 the active separation programs related to Brazil had a total cost of $103 million.

Year Ended December 31, 2012

GMNA recorded charges, interest accretion and other and revisions to estimates related to our 2011 UAW labor agreement and increased production capacity utilization in Canada. Our 2011 UAW labor agreement included cash severance incentive programs which were completed at March 31, 2012 for skilled trade U.S. hourly employees. A total of 1,400 skilled trade U.S. hourly employees participated in these programs at a total cost of $99 million which was recorded upon irrevocable acceptances by both parties. Substantially all of the program cost was recorded in the three months ended March 31, 2012.

GME recorded charges, interest accretion and other and revisions to estimates for previously announced separation and early retirement programs. Through December 31, 2012 the active separation programs related to Germany and the United Kingdom had a total cost of $400 million and had affected a total of 2,550 employees, of which $310 million related to a program initiated in Germany in 2010.

GMIO recorded charges, interest accretion and other related to voluntary separation programs primarily in Korea and Australia. Through December 31, 2012 these programs had a total cost of $69 million which affected 650 employees.

GMSA recorded charges of $87 million for employee separation costs related to a separation program in Brazil.

Year Ended December 31, 2011

GMNA recorded charges, interest accretion and other primarily related to special attrition programs for skilled trade U.S. hourly employees, service cost for hourly layoff benefits and Canadian restructuring activities.

GME recorded charges, interest accretion and other for separation programs primarily related to previously announced programs in Germany. Through December 31, 2011 these programs had a total cost of $1.1 billion and affected a total of 6,700 employees and included the December 2010 closure of the Antwerp, Belgium facility.

GMSA recorded charges, interest accretion and other for separation programs primarily related to the voluntary separation program in Brazil implemented in the three months ended December 31, 2011. A total of 900 employees in Brazil participated in the separation program at a total cost of $74 million.

Withdrawal of the Chevrolet Brand from Europe

In December 2013 we announced our plans to focus our marketing and product portfolio on our Opel and Vauxhall brands in Western and Central Europe and cease mainstream distribution of Chevrolet brand in those markets in 2015. This decision impacts 1,200 Chevrolet dealers and distributors in the affected countries and 480 Chevrolet Europe employees. In the three months ended December 31, 2013 we recorded pre-tax charges of $636 million, net of noncontrolling interests of $124 million. These charges included dealer restructuring costs of $233 million and employee severance costs of $30 million which are reflected in the table above. The remaining charges for intangible asset impairments of $264 million and sales incentive, inventory related and other costs of $233 million are not included in the table above. We may incur additional charges for exit costs of up to $300 million primarily through the first half of 2014. Refer to Note 11 for additional information on the intangible asset impairment charges.

Manufacturing Operations at Holden

In December 2013 we announced plans to cease vehicle and engine manufacturing and significantly reduce engineering operations at Holden by the end of 2017. Holden will continue to sell imported vehicles through its Holden dealer network and maintain its global design studio. This decision affects 2,900 employees from the Elizabeth vehicle manufacturing plant and Holden's Victorian workforce. In the three months ended December 31, 2013 we recorded pre-tax charges of $536 million in Automotive cost of sales consisting primarily of asset impairment charges of $477 million, including property, plant and equipment, which are not included in the table above. The remaining charges relate to exit-related costs, including certain employee severance related costs, of $59 million which are included in the table above. We expect to incur additional charges through 2017 for incremental future cash payments of employee severance once negotiations of the amount are completed. Refer to Note 9 for additional information on the property, plant and equipment impairment charges.

Note 20. Interest Income and Other Non-Operating Income, net

The following table summarizes the components of Interest income and other non-operating income, net (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Interest income	$ 246	$ 343	$ 455
Net gains (losses) on derivatives	(13)	(63)	41
Dividends and royalties	97	98	153
Foreign currency transaction and translation gains (losses)	(154)	16	(48)
Gains (losses) on securities and other investments — realized and unrealized	691	(193)	(9)
Deferred income from technology agreements	100	114	113
Other	96	530	146
Total interest income and other non-operating income, net	$ 1,063	$ 845	$ 851

Note 21. Stockholders' Equity and Noncontrolling Interests

Preferred and Common Stock

We have 2.0 billion shares of preferred stock and 5.0 billion shares of common stock authorized for issuance. We had 156 million and 276 million shares of Series A Preferred Stock issued and outstanding at December 31, 2013 and 2012. There were no shares of Series B Preferred Stock issued and outstanding at December 31, 2013 and 100 million shares issued and outstanding at December 31, 2012. We had 1.5 billion and 1.4 billion shares of common stock issued and outstanding at December 31, 2013 and 2012.

Preferred Stock

The following table summarizes significant features relating to our preferred stock (dollars in millions, except for per share amounts):

	Liquidation Preference Per Share	Dividend Rate Per Annum	Dividends Paid Years Ended December 31,		
			2013	2012	2011
Series A Preferred Stock	$ 25.00	9.00%	$ 1,370	$ 621	$ 621
Series B Preferred Stock	$ 50.00	4.75%	$ 237	$ 238	$ 243

Series A Preferred Stock

The Series A Preferred Stock ranks senior with respect to liquidation preference and dividend rights to our common stock and Series B Preferred Stock and any other class or series of stock that we may issue. In the event of any voluntary or involuntary liquidation, dissolution or winding-up of our affairs, a holder of Series A Preferred Stock will be entitled to be paid, before any distribution or payment may be made to any holders of common stock or other series of stock, the liquidation amount and the amount of any accrued and unpaid dividends, if any, whether or not declared, prior to such distribution or payment date. On or after December 31, 2014, the Series A Preferred Stock may be redeemed, in whole or in part, for cash at a price per share equal to the $25.00 per share liquidation amount, plus any accrued and unpaid dividends. Upon a redemption or purchase of any or all Series A Preferred Stock, the difference, if any, between the recorded amount of the Series A Preferred Stock being redeemed or purchased and the consideration paid would be recorded as a charge to Net income attributable to common stockholders.

In September 2013 we purchased 120 million shares (or 43.5% of the total shares outstanding) of our Series A Preferred Stock held by the New VEBA at a price equal to 108.1% of the aggregate liquidation amount for $3.2 billion. We recorded a loss for the difference between the carrying amount of the Series A Preferred Stock purchased and the consideration paid, which reduced Net income attributable to common stockholders by $816 million. If all of the remaining Series A Preferred Stock were redeemed or purchased at its par value, Net income available to common stockholders would be reduced by a charge of $800 million.

Series B Preferred Stock

On December 1, 2013 each of the 100 million shares of our Series B Preferred Stock outstanding automatically converted into 1.3736 shares of our common stock for a total of 137 million common shares. The number of shares of our common stock issued upon mandatory conversion of each share of Series B Preferred Stock was determined based on the average of the closing prices of our common stock over the 40 consecutive trading day period ended November 26, 2013.

Common Stock

Holders of our common stock are entitled to dividends at the sole discretion of our Board of Directors. However, the terms of the Series A Preferred Stock prohibit, subject to exceptions, the payment of dividends on our common stock unless all accrued and unpaid dividends on the Series A Preferred Stock are paid in full. Holders of common stock are entitled to one vote per share on all matters submitted to our stockholders for a vote. The liquidation rights of holders of our common stock are secondary to the payment or provision for payment of all our debts and liabilities and to holders of our Series A Preferred Stock, if any such shares are then outstanding.

In December 2012 we purchased 200 million shares of our common stock from the UST at a price of $27.50 per share for a total of $5.5 billion. The purchase price represented a premium to the prior day's closing price of $25.49. We allocated the purchase price between a direct reduction to shareholder's equity of $5.1 billion and a charge to Automotive selling, general and administrative expense of $402 million representing the premium. These shares were retired and returned to authorized but unissued status. In the year ended December 31, 2012 we issued 1.3 million shares of common stock for the settlement of restricted stock and salary stock awards and 400,000 shares for exercised warrants. Refer to Note 23 for additional information on our stock incentive plans.

Warrants

In connection with the 363 Sale we issued two tranches of warrants, each to acquire 136 million shares of common stock, to MLC which have all been distributed to creditors of Old GM and to the GUC Trust by MLC and one tranche of warrants to acquire 46 million shares of common stock to the New VEBA. The first tranche of MLC warrants is exercisable at any time prior to July 10, 2016 at an exercise price of $10.00 per share and the second tranche of MLC warrants is exercisable at any time prior to July 10, 2019 at an exercise price of $18.33 per share. The New VEBA warrants, which were subsequently sold by the New VEBA, are exercisable at any time prior to December 31, 2015 at an exercise price of $42.31 per share. Upon exercise of the warrants, the shares issued will be included in the number of basic shares outstanding used in the computation of earnings per share. The number of shares of common stock underlying each of the warrants and the per share exercise price are subject to adjustment as a result of certain events, including stock splits, reverse stock splits and stock dividends. The outstanding balance of warrants was 293 million and 313 million at December 31, 2013 and 2012.

Accumulated Other Comprehensive Loss

The following table summarizes the components of Accumulated other comprehensive loss (dollars in millions):

	Years Ended December 31,								
	2013			2012			2011		
	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount	Pre-tax Amount	Tax Expense (Benefit)	Net Amount
Foreign currency translation adjustments									
Balance at beginning of period	$ 112	$ 11	$ 101	$ 226	$ 11	$ 215	$ 405	$ 11	$ 394
Other comprehensive income (loss)	(722)	11	(733)	(103)	—	(103)	(183)	—	(183)
Purchase of noncontrolling interest shares	—	—	—	—	—	—	(6)	—	(6)
Other comprehensive income (loss) attributable to noncontrolling interests	18	—	18	(11)	—	(11)	10	—	10
Balance at end of period	$ (592)	$ 22	$ (614)	$ 112	$ 11	$ 101	$ 226	$ 11	$ 215
Cash flow hedging gains (losses), net									
Balance at beginning of period	$ —	$ —	$ —	$ 2	$ —	$ 2	$ (23)	$ —	$ (23)
Other comprehensive income before reclassification adjustment	—	—	—	—	—	—	25	—	25
Reclassification adjustment	—	—	—	(2)	—	(2)	—	—	—
Other comprehensive income (loss)	—	—	—	(2)	—	(2)	25	—	25
Balance at end of period	$ —	$ —	$ —	$ —	$ —	$ —	$ 2	$ —	$ 2
Unrealized gain (loss) on securities, net									
Balance at beginning of period	$ 63	$ 22	$ 41	$ 1	$ 5	$ (4)	$ —	$ 5	$ (5)
Other comprehensive income (loss) before reclassification adjustment	133	(6)	139	(140)	22	(162)	1	—	1
Reclassification adjustment	(185)	(7)	(178)	202	(5)	207	—	—	—
Other comprehensive income (loss)	(52)	(13)	(39)	62	17	45	1	—	1
Balance at end of period	$ 11	$ 9	$ 2	$ 63	$ 22	$ 41	$ 1	$ 5	$ (4)
Defined benefit plans, net									
Balance at beginning of period	$ (7,794)	$ 400	$ (8,194)	$ (4,665)	$ 1,409	$ (6,074)	$ 2,298	$ 1,413	$ 885
Other comprehensive income before reclassification adjustment — prior service cost (credit)	6	(4)	10	(53)	(95)	42	302	1	301
Other comprehensive income (loss) before reclassification adjustment — actuarial gain (loss)	8,673	3,091	5,582	(3,180)	(926)	(2,254)	(7,578)	(10)	(7,568)
Reclassification adjustment — prior service cost (credit) (a)	(128)	(44)	(84)	(125)	(5)	(120)	(52)	—	(52)
Reclassification adjustment — actuarial gain (loss) (a)	178	(7)	185	229	17	212	366	5	361
Other comprehensive income (loss)	8,729	3,036	5,693	(3,129)	(1,009)	(2,120)	(6,962)	(4)	(6,958)
Purchase of noncontrolling interest shares	—	—	—	—	—	—	(1)	—	(1)
Balance at end of period	$ 935	$ 3,436	$ (2,501)	$ (7,794)	$ 400	$ (8,194)	$ (4,665)	$ 1,409	$ (6,074)
Accumulated Other Comprehensive Loss									
Balance at beginning of period	$ (7,619)	$ 433	$ (8,052)	$ (4,436)	$ 1,425	$ (5,861)	$ 2,680	$ 1,429	$ 1,251
Other comprehensive income (loss) before reclassification adjustment	8,090	3,092	4,998	(3,476)	(999)	(2,477)	(7,433)	(9)	(7,424)
Reclassification adjustment	(135)	(58)	(77)	304	7	297	314	5	309
Other comprehensive income (loss)	7,955	3,034	4,921	(3,172)	(992)	(2,180)	(7,119)	(4)	(7,115)
Purchase of noncontrolling interest shares	—	—	—	—	—	—	(7)	—	(7)
Other comprehensive income (loss) attributable to noncontrolling interests	18	—	18	(11)	—	(11)	10	—	10
Balance at end of period	$ 354	$ 3,467	$ (3,113)	$ (7,619)	$ 433	$ (8,052)	$ (4,436)	$ 1,425	$ (5,861)

(a) Included in the computation of net periodic pension and OPEB (income) expense. Refer to Note 15 for additional information.

Note 22. Earnings Per Share

Basic and diluted earnings per share are computed by dividing Net income attributable to common stockholders by the weighted-average common shares outstanding in the period. Diluted earnings per share is computed by giving effect to all potentially dilutive securities that are outstanding.

The following table summarizes basic and diluted earnings per share (in millions, except for per share amounts):

	Years Ended December 31,		
	2013	2012	2011
Basic earnings per share			
Net income attributable to stockholders	$ 5,346	$ 6,188	$ 9,190
Less: cumulative dividends on preferred stock and charge related to purchase of preferred stock (a)	(1,576)	(859)	(859)
Less: undistributed earnings allocated to Series B Preferred Stock participating security	—	(470)	(746)
Net income attributable to common stockholders	$ 3,770	$ 4,859	$ 7,585
Weighted-average common shares outstanding — basic	1,393	1,566	1,536
Basic earnings per common share	$ 2.71	$ 3.10	$ 4.94
Diluted earnings per share			
Net income attributable to stockholders	$ 5,346	$ 6,188	$ 9,190
Add: preferred dividends to holders of Series B Preferred Stock	218	—	—
Less: cumulative dividends on preferred stock and charge related to purchase of preferred stock (a)	(1,576)	(859)	(859)
Less: undistributed earnings allocated to Series B Preferred Stock participating security	—	(442)	(693)
Net income attributable to common stockholders	$ 3,988	$ 4,887	$ 7,638
Weighted-average common shares outstanding — diluted			
Weighted-average common shares outstanding — basic	1,393	1,566	1,536
Dilutive effect of warrants	146	104	130
Dilutive effect of conversion of Series B Preferred Stock	134	—	—
Dilutive effect of RSUs	3	5	2
Weighted-average common shares outstanding — diluted	1,676	1,675	1,668
Diluted earnings per common share	$ 2.38	$ 2.92	$ 4.58

(a) Includes earned but undeclared dividends of $15 million, $26 million and $26 million on our Series A Preferred Stock in the years ended December 31, 2013, 2012 and 2011 and $20 million on our Series B Preferred Stock in the years ended December 31, 2012 and 2011.

Holders of the Series B Preferred Stock had a right to participate in our undistributed earnings because a dividend, if declared, would result in a transfer of value to the holder through an adjustment to the fixed conversion ratios through various anti-dilution provisions. Based on the nature of the Series B Preferred Stock and the nature of these anti-dilution provisions, we concluded that the Series B Preferred Stock was a participating security and, as such, requires the application of the more dilutive of the two-class or if-converted method to calculate earnings per share when the applicable market value of our common stock is below or above the range of $33.00 to $39.60 per common share. For purposes of calculating earnings per share, the applicable market value is calculated as the average of the closing prices of our common stock over the 40 consecutive trading day period ending on the third trading day immediately preceding the date of our mandatory conversion in 2013 or the date of our financial statements for 2012 and 2011. The calculation of the applicable market value is applied to the full year, irrespective of the applicable market value computed during the prior quarters of the current year.

On the mandatory conversion date of our Series B Preferred Stock, December 1, 2013, the applicable market value of our common stock was within the range of $33.00 to $39.60 per common share and, as such, we applied the if-converted method for purposes of calculating diluted earnings per share in the year ended December 31, 2013. In the years ended December 31, 2012 and 2011, we were required to use the two-class method for calculating earnings per share as the applicable market value of our common stock was below $33.00 per common share. Under the two-class method for computing earnings per share, undistributed earnings are allocated to common stock and the Series B Preferred Stock according to their respective participation rights in undistributed earnings, as if all the earnings for the period had been distributed. This allocation to the Series B Preferred Stock holders reduced Net income attributable to common stockholders, resulting in a lower basic and dilutive earnings per share amount. The impact on diluted earnings per share was an increase of $0.13 in the year ended December 31, 2013 using the if-converted as compared to the two-class method. Our calculation of earnings per share varied from period to period depending on whether the two-class or if-converted method was required.

The application of the two-class method resulted in an allocation of undistributed earnings to our Series B Preferred Stock holders and, accordingly, 152 million common stock equivalents from the assumed conversion of the Series B Preferred Stock are not considered outstanding for purposes of determining the weighted-average common shares outstanding in the computation of diluted earnings per share for December 31, 2012 and 2011.

In the years ended December 31, 2013, 2012 and 2011 warrants to purchase 46 million shares were not included in the computation of diluted earnings per share because the warrants' exercise price was greater than the average market price of the common shares.

Note 23. Stock Incentive Plans

Our stock incentive plans consist of the 2009 Long-Term Incentive Plan and the Salary Stock Plan. Both plans are administered by the Executive Compensation Committee of our Board of Directors. The aggregate number of shares with respect to which awards may be granted under these amended plans shall not exceed 75 million.

Long-Term Incentive Plan

We granted 7 million, 7 million and 5 million RSUs in the years ended December 31, 2013, 2012 and 2011. These awards granted either cliff vest or ratably vest generally over a three-year service period, as defined in the terms of each award. Our policy is to issue new shares upon settlement of RSUs.

The 2013 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle on the second and third anniversary dates of grant. The awards for the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2012 awards granted to the Top 25 highest compensated employees will settle on the second and third anniversary dates of grant in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the non-Top 25 highest compensated employees will vest and settle on the second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

The 2011 awards granted to the Top 25 highest compensated employees will settle three years from the grant date in 25% increments consistent with the terms of the 2009 Long-Term Incentive Plan. The awards for the Next 75 highest compensated employees will settle either: (1) three years from the date of grant; or (2) on the first and third anniversary dates of grant. The awards to the non-Top 100 highest compensated employees will settle on the first, second and third anniversary dates of grant. Vesting and subsequent settlement will generally occur based upon employment at the end of each specified service period.

Retirement eligible participants that are non-Top 100 highest compensated employees who retire in the first twelve months following the grant will retain and vest a pro-rata portion of RSUs earned and those who retire after the first anniversary of the grant will retain and vest the full RSU grant. The vested award will be payable on the settlement date.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The plan was amended in January 2014 to provide cash payment, on a going forward basis, of dividend equivalents upon settlement to active employees and certain former employees with outstanding awards as of the amendment date.

Salary Stock Plan

In the years ended December 31, 2013, 2012 and 2011 a portion of each participant's salary was accrued on each salary payment date and converted to RSUs on a quarterly basis. In March 2012 we amended the plan to provide for cash settlement of awards and reclassified $97 million from Additional paid-in capital to Accrued liabilities and Other liabilities and deferred income taxes. Prior to this amendment it was our policy to issue new shares upon settlement of these awards. In June 2013 we amended the plan to provide for cash or share settlement of awards based on election by the participant. The plan was amended in January 2014 to provide cash payment, on a going forward basis, of dividend equivalents upon settlement to active employees with outstanding awards as of the amendment date. The liability for these awards continues to be remeasured to fair value at the end of each reporting period.

RSUs

The following table summarizes information about the RSUs under our stock incentive plans (RSUs in millions):

	Shares	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Contractual Term in Years
RSUs outstanding at January 1, 2013	26.9	$ 23.06	0.7
Granted	8.9	$ 29.05	
Settled	(16.0)	$ 20.60	
Forfeited or expired	(1.2)	$ 27.20	
RSUs outstanding at December 31, 2013	18.6	$ 27.76	1.2
RSUs unvested and expected to vest at December 31, 2013	9.2	$ 27.94	1.6
RSUs vested and payable at December 31, 2013	8.8	$ 27.61	—
RSUs granted in the year ended December 31, 2012		$ 25.10	
RSUs granted in the year ended December 31, 2011		$ 31.18	

The following table summarizes compensation expense recorded for our stock incentive plans (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Compensation expense	$ 311	$ 302	$ 233
Income tax benefit	$ 100	$ 100	$ —

At December 31, 2013 the total unrecognized compensation expense for nonvested equity awards granted was $149 million. This expense is expected to be recorded over a weighted-average period of 1.6 years. The total fair value of RSUs vested in the years ended December 31, 2013, 2012 and 2011 was $342 million, $141 million and $105 million. In the years ended December 31, 2013, 2012 and 2011 total payments for 3.1 million, 1.6 million and 456,000 RSUs settled under stock incentive plans were $94 million, $36 million and $14 million.

Note 24. Supplementary Quarterly Financial Information (Unaudited)

The following tables summarize supplementary quarterly financial information (dollars in millions, except per share amounts):

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2013				
Total net sales and revenue	$ 36,884	$ 39,075	$ 38,983	$ 40,485
Automotive gross margin	$ 3,727	$ 4,416	$ 4,954	$ 4,070
Net income	$ 1,185	$ 1,388	$ 1,705	$ 1,053
Net income attributable to stockholders	$ 1,175	$ 1,414	$ 1,717	$ 1,040
Earnings per share, basic	$ 0.63	$ 0.87	$ 0.50	$ 0.64
Earnings per share, diluted	$ 0.58	$ 0.75	$ 0.45	$ 0.57

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
2012				
Total net sales and revenue	$ 37,759	$ 37,614	$ 37,576	$ 39,307
Automotive gross margin	$ 4,418	$ 4,449	$ 4,327	$ (3,135)
Net income	$ 1,350	$ 1,901	$ 1,854	$ 1,031
Net income attributable to stockholders	$ 1,315	$ 1,846	$ 1,833	$ 1,194
Earnings per share, basic	$ 0.64	$ 0.95	$ 0.94	$ 0.58
Earnings per share, diluted	$ 0.60	$ 0.90	$ 0.89	$ 0.54

Prior to the three months ended June 30, 2013 we used the two-class method for calculating earnings per share because Series B Preferred Stock was a participating security.

The three months ended December 31, 2013 included the following on a pre-tax (except tax matters) and pre-noncontrolling interests basis:

- Benefit from the release of GM Korea wage litigation accruals of $846 million in GMIO.
- Property and intangible asset impairment charges of $805 million at Holden and GM India in GMIO.
- Charges of $745 million related to our plans to cease mainstream distribution of Chevrolet brand in Europe in GMIO.
- Gain on sale of equity investment in Ally Financial of $483 million in Corporate.
- Goodwill impairment charges of $481 million in GMIO.
- Tax benefit of $473 million from remeasurement of uncertain tax position in Corporate.
- Gain on sale of equity investment in PSA of $152 million in GME.

The three months ended March 31, 2013 included the following on a pre-tax and pre-noncontrolling interests basis:

- Charge of $162 million in GMSA for the Venezuela currency devaluation.

The three months ended December 31, 2012 included the following on a pre-tax and pre-noncontrolling interests basis:

- Deferred tax asset valuation allowance release of $36.3 billion in the U.S. and Canada.
- Goodwill impairment charges of $26.5 billion in GMNA and GMIO.
- Property, plant and equipment impairment charges of $3.7 billion in GME.
- Pension settlement charge of $2.6 billion in GMNA.

- Intangible asset impairment charges of $1.8 billion in GME.

- Charge of $525 million for GM Korea hourly wage litigation.

- Charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

The three months ended March 31, 2012 included the following on a pre-tax and pre-noncontrolling interests basis:

- Goodwill impairment charges of $617 million in GMIO and GME.

Note 25. Segment Reporting

We analyze the results of our business through our five segments: GMNA, GME, GMIO, GMSA and GM Financial. The chief operating decision maker evaluates the operating results and performance of our automotive segments through Income (loss) before interest and income taxes, as adjusted for additional amounts, which are presented net of noncontrolling interests, and evaluates GM Financial through income before income taxes. Each segment has a manager responsible for executing our strategies. Our automotive manufacturing operations are integrated within the segments, benefit from broad-based trade agreements and are subject to regulatory requirements, such as Corporate Average Fuel Economy regulations. While not all vehicles within a segment are individually profitable on a fully allocated cost basis, those vehicles are needed in our product mix in order to attract customers to dealer showrooms and to maintain sales volumes for other, more profitable vehicles. Because of these and other factors, we do not manage our business on an individual brand or vehicle basis.

In the three months ended March 31, 2013 we changed our managerial and financial reporting structure to measure our reportable segments revenue and profitability based on the geographic area in which we sell vehicles to third party customers. We record certain transactions between our automotive and finance segments as intersegment activity and eliminate them in consolidation. The new reporting structure provides clearer profit and revenue visibility across geographic areas and identifies our profitability at the point of sale. Previously, it was based on the geographic area in which the vehicles originated and our managerial and financial reporting structure included intercompany sales and cost of sales in our segment results. Certain expenses such as engineering, warranty, recall campaigns and selling, general and administrative are allocated to the geographic area in which the vehicle is sold to third party customers. We have retrospectively revised the segment presentation for all periods presented.

Substantially all of the cars, trucks and parts produced are marketed through retail dealers in North America, and through distributors and dealers outside of North America, the substantial majority of which are independently owned.

In addition to the products sold to dealers for consumer retail sales, cars and trucks are also sold to fleet customers, including daily rental car companies, commercial fleet customers, leasing companies and governments. Sales to fleet customers are completed through the network of dealers and in some cases sold directly to fleet customers. Retail and fleet customers can obtain a wide range of aftersale vehicle services and products through the dealer network, such as maintenance, light repairs, collision repairs, vehicle accessories and extended service warranties.

GMNA primarily meets the demands of customers in North America with vehicles developed, manufactured and/or marketed under the following four brands:

- Buick
- Cadillac
- Chevrolet
- GMC

The demands of customers outside of North America are primarily met with vehicles developed, manufactured and/or marketed under the following brands:

- Buick
- Cadillac
- Chevrolet
- GMC
- Holden
- Opel
- Vauxhall

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At December 31, 2013 we also had equity ownership stakes directly or indirectly in entities through various regional subsidiaries, primarily in Asia that design, manufacture and market vehicles under the following brands:

- Alpheon
- Baojun
- Buick
- Cadillac
- Chevrolet
- Jiefang
- Wuling

All intersegment balances and transactions have been eliminated in consolidation.

The following tables summarize key financial information by segment (dollars in millions):

	At and For the Year Ended December 31, 2013									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 95,091	$ 20,110	$ 20,263	$ 16,478	$ 150		$ 152,092	$ —	$ —	$ 152,092
GM Financial revenue	—	—	—	—	—		—	3,344	(9)	3,335
Intersegment	8	—	—	—	—		8	—	(8)	—
Total net sales and revenue	$ 95,099	$ 20,110	$ 20,263	$ 16,478	$ 150		$ 152,100	$ 3,344	$ (17)	$ 155,427
Income (loss) before interest and taxes-adjusted	$ 7,461	$ (844)	$ 1,230	$ 327	$ (494)		$ 7,680	$ 898	$ —	$ 8,578
Adjustments (a)	$ (100)	$ 153	$ (1,169)	$ (157)	483		$ (790)	(15)	$ —	(805)
Corporate interest income					249				$ (3)	246
Automotive interest expense					338				$ (4)	334
Loss on extinguishment of debt					212			—		212
Income (loss) before income taxes					(312)			883		7,473
Income tax expense					1,826			300	$ 1	2,127
Net income (loss) attributable to stockholders					$ (2,138)			$ 583		$ 5,346
Equity in net assets of nonconsolidated affiliates	$ 74	$ 7	$ 8,009	$ 4	$ —	$ —	$ 8,094	$ —	$ —	$ 8,094
Total assets	$ 87,978	$ 10,341	$ 23,425	$ 11,488	$ 26,460	$ (29,642)	$ 130,050	$ 38,084	$ (1,790)	$ 166,344
Expenditures for property	$ 5,466	$ 770	$ 772	$ 444	$ 92	$ 5	$ 7,549	$ 16	$ —	$ 7,565
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 4,216	$ 406	$ 1,806	$ 522	$ 63	$ (1)	$ 7,012	$ 498	$ (10)	$ 7,500
Equity income and gain on investments	$ 15	$ —	$ 1,794	$ 1	$ —	$ —	$ 1,810	$ —	$ —	$ 1,810

(a) Consists of pension settlement charges of $56 million and charges related to PSA product development agreement of $49 million in GMNA; gain on sale of equity investment in PSA of $152 million in GME; property and intangible asset impairment charges of $774 million, costs related to the withdrawal of the Chevrolet brand in Europe of $621 million and goodwill impairment charges of $442 million, partially offset by GM Korea hourly wage litigation of $577 million and acquisition of GM Korea preferred shares of $67 million in GMIO, all net of noncontrolling interests; Venezuela currency devaluation of $162 million in GMSA; gain on sale of equity investment in Ally Financial of $483 million in Corporate; costs related to the withdrawal of the Chevrolet brand in Europe of $15 million in GM Financial; and income related to various insurance recoveries of $35 million.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	At and For the Year Ended December 31, 2012									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 89,912	$ 20,689	$ 22,954	$ 16,700	$ 40		$ 150,295	$ —	$ —	$ 150,295
GM Financial revenue	—	—	—	—	—		—	1,961	—	1,961
Intersegment	(2)	—	—	—	—		(2)	—	2	—
Total net sales and revenue	$ 89,910	$ 20,689	$ 22,954	$ 16,700	$ 40		$ 150,293	$ 1,961	$ 2	$ 152,256
Income (loss) before interest and taxes-adjusted	$ 6,470	$ (1,939)	$ 2,528	$ 457	$ (400)		$ 7,116	$ 744	$ (1)	$ 7,859
Adjustments (a)	$ (29,052)	$ (6,391)	$ (288)	$ 27	(402)		$ (36,106)	—	$ —	(36,106)
Corporate interest income					343					343
Automotive interest expense					489					489
Loss on extinguishment of debt					250			—		250
Income (loss) before income taxes					(1,198)			744		(28,643)
Income tax expense (benefit)					(35,007)			177	$ (1)	(34,831)
Net income attributable to stockholders					$ 33,809			$ 567		$ 6,188
Equity in net assets of nonconsolidated affiliates	$ 65	$ 51	$ 6,764	$ 3	$ —	$ —	$ 6,883	$ —	$ —	$ 6,883
Total assets	$ 87,100	$ 9,669	$ 25,032	$ 11,958	$ 16,991	$ (17,006)	$ 133,744	$ 16,368	$ (690)	$ 149,422
Expenditures for property	$ 4,766	$ 1,035	$ 1,225	$ 956	$ 77	$ (4)	$ 8,055	$ 13	$ —	$ 8,068
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,663	$ 6,570	$ 638	$ 483	$ 49	$ (1)	$ 11,402	$ 225	$ (10)	$ 11,617
Equity income and gain on investments	$ 9	$ —	$ 1,552	$ 1	$ —	$ —	$ 1,562	$ —	$ —	$ 1,562
Valuation allowances against deferred tax assets (b)	$ —	$ —	$ —	$ —	$ (36,261)	$ —	$ (36,261)	$ (103)	$ —	$ (36,364)

(a) Consists of Goodwill impairment charges of $26.4 billion, pension settlement charges of $2.7 billion and income related to various insurance recoveries of $9 million in GMNA; property impairment charges of $3.7 billion, intangible assets impairment charges of $1.8 billion, goodwill impairment charges of $590 million, impairment charges related to investment in PSA of $220 million, a charge of $119 million to record General Motors Strasbourg S.A.S. assets and liabilities to estimated fair value and income related to various insurance recoveries of $7 million in GME; GM Korea hourly wage litigation charge of $336 million, goodwill impairment charges of $132 million, which are presented net of noncontrolling interests, income related to various insurance recoveries of $112 million and income related to redemption of the GM Korea mandatorily redeemable preferred shares of $68 million in GMIO; income related to various insurance recoveries of $27 million in GMSA; and a charge of $402 million which represents the premium paid to purchase our common stock from the UST in Corporate.

(b) Includes valuation allowance releases of $36.5 billion net of the establishment of new valuation allowances of $0.1 billion. Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	For the Year Ended December 31, 2011									
	GMNA	GME	GMIO	GMSA	Corporate	Eliminations	Total Automotive	GM Financial	Eliminations	Total
Sales										
External customers	$ 85,988	$ 25,154	$ 21,031	$ 16,632	$ 61		$ 148,866	$ —	$ —	$ 148,866
GM Financial revenue	—	—	—	—	—		—	1,410	—	1,410
Intersegment	3	—	—	—	—		3	—	(3)	—
Total net sales and revenue	$ 85,991	$ 25,154	$ 21,031	$ 16,632	$ 61		$ 148,869	$ 1,410	$ (3)	$ 150,276
Income (loss) before interest and taxes-adjusted	$ 6,779	$ (1,041)	$ 2,232	$ 158	$ (446)		$ 7,682	$ 622	$ —	$ 8,304
Adjustments (a)	$ 2,394	$ (1,016)	$ (364)	$ 63	(216)		$ 861	—	$ —	861
Corporate interest income					455					455
Automotive interest expense					540					540
Income (loss) before income taxes					(747)			622		9,080
Income tax expense (benefit)					(295)			185		(110)
Net income (loss) attributable to stockholders					$ (452)			$ 437		$ 9,190
Equity in net assets of nonconsolidated affiliates	$ 60	$ 50	$ 6,678	$ 2	$ —	$ —	$ 6,790	$ —	$ —	$ 6,790
Total assets	$ 83,528	$ 15,777	$ 22,130	$ 11,514	$ 30,244	$ (31,333)	$ 131,860	$ 13,112	$ (369)	$ 144,603
Expenditures for property	$ 3,404	$ 1,016	$ 907	$ 880	$ 44	$ (10)	$ 6,241	$ 8	$ —	$ 6,249
Depreciation, amortization and impairment of long-lived assets and finite-lived intangible assets	$ 3,693	$ 1,371	$ 491	$ 454	$ 50	$ (1)	$ 6,058	$ 85	$ (2)	$ 6,141
Equity income and gain on investments (b)	$ 1,733	$ —	$ 1,458	$ 1	$ —	$ —	$ 3,192	$ —	$ —	$ 3,192
Reversal of valuation allowances against deferred tax assets (c)	$ —	$ —	$ —	$ —	$ (488)	$ —	$ (488)	$ —	$ —	$ (488)

(a) Consists of the gain on sale of our New Delphi Class A Membership Interests of $1.6 billion and the gain related to the HCT settlement of $749 million in GMNA; Goodwill impairment charges of $1.0 billion in GME; Goodwill impairment charges of $258 million and charges related to GM India of $106 million in GMIO; a gain on extinguishment of debt of $63 million in GMSA; and impairment charges of $555 million related to Ally Financial common stock and a gain on the sale of Ally Financial preferred stock of $339 million in Corporate.

(b) Includes a gain of $1.6 billion recorded on the sale of our New Delphi Class A Membership Interests. Refer to Note 8 for additional information on the sale of New Delphi.

(c) Amounts exclude changes related to income tax expense (benefits) in jurisdictions with a full valuation allowance throughout the period.

GENERAL MOTORS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Automotive revenue is attributed to geographic areas based on the country in which our subsidiary is located. Automotive Financing revenue is attributed to the geographic area where the financing is originated. The following table summarizes information concerning principal geographic areas (dollars in millions):

	At and For the Years Ended December 31,					
	2013		2012		2011	
	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets	Net Sales & Revenue	Long-Lived Assets
Automotive						
U.S.	$ 88,784	$ 15,844	$ 85,105	$ 13,520	$ 79,868	$ 11,736
Non-U.S.	63,308	12,289	65,190	12,425	68,998	13,709
GM Financial						
U.S.	2,233	2,472	1,832	1,112	1,363	532
Non-U.S.	1,102	1,043	129	590	47	300
Total consolidated	$ 155,427	$ 31,648	$ 152,256	$ 27,647	$ 150,276	$ 26,277

No individual country other than the U.S. represented more than 10% of our total Net sales and revenue or Long-lived assets.

Note 26. Supplemental Information for the Consolidated Statements of Cash Flows

The following table summarizes the sources (uses) of cash provided by Change in other operating assets and liabilities and cash paid for income taxes and interest (dollars in millions):

	Years Ended December 31,		
	2013	2012	2011
Accounts receivable	$ 8	$ (460)	$ (1,572)
Inventories	59	(326)	(2,760)
Automotive equipment on operating leases	(968)	370	(522)
Change in other assets	(563)	(312)	(320)
Accounts payable	(485)	162	2,139
Income taxes payable	(161)	155	(360)
Accrued liabilities and other liabilities	784	1,041	(727)
Total	$ (1,326)	$ 630	$ (4,122)
Cash paid for income taxes and interest			
Cash paid for income taxes	$ 727	$ 575	$ 569
Cash paid for interest (net of amounts capitalized) — Automotive	$ 299	$ 335	$ 226
Cash paid for interest (net of amounts capitalized) — GM Financial	760	298	284
Total cash paid for interest (net of amounts capitalized)	$ 1,059	$ 633	$ 510

* * * * * * *

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (Exchange Act) is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and Executive Vice President and CFO, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Exchange Act) at December 31, 2013. Based on these evaluations, our CEO and CFO concluded that our disclosure controls and procedures required by paragraph (b) of Rules 13a-15 or 15d-15 were effective as of December 31, 2013.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2013, utilizing the criteria discussed in the "Internal Control—Integrated Framework (1992)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2013. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2013.

The effectiveness of our internal control over financial reporting has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Controls

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

/s/ MARY T. BARRA

Mary T. Barra
Chief Executive Officer

February 6, 2014

/s/ CHARLES K. STEVENS III

Charles K. Stevens III
Executive Vice President and Chief Financial Officer

February 6, 2014

* * * * * * *

GENERAL INFORMATION

COMMON STOCK

GM common stock, $0.01 par value, is listed on the New York Stock Exchange and the Toronto Stock Exchange.

Ticker symbol:
GM - New York Stock Exchange
GMM - Toronto Stock Exchange

ANNUAL MEETING

The GM Annual Meeting of Stockholders will be held at 9:30 a.m. ET on Tuesday, June 10, 2014, in Detroit, Michigan.

STOCKHOLDER ASSISTANCE

Stockholders of record requiring information about their accounts should contact:

Computershare Trust Company, N.A.
General Motors Company
P.O. Box 43078
Providence, RI 02940-3078

888-887-8945 or 781-575-3334 (from outside the United States, Canada or Puerto Rico)

Computershare representatives are available Monday through Friday from 9 a.m. to 6 p.m. ET. Automated phone service and the Computershare website at www.computershare.com/gm are always available.

For other information, stockholders may contact:

GM Stockholder Services
General Motors Company
Mail Code 482-C25-A36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1500

ELECTRONIC DELIVERY OF ANNUAL MEETING MATERIALS

Stockholders may consent to receive their GM annual report and proxy materials via the Internet. Stockholders of record may enroll at www.computershare.com/gm. If your GM stock is held through a broker, bank or other nominee, contact it directly.

SECURITIES AND INSTITUTIONAL ANALYST QUERIES

GM Investor Relations
General Motors Company
Mail Code 482-C29-D36
300 Renaissance Center
P.O. Box 300
Detroit, MI 48265-3000
313-667-1669

AVAILABLE PUBLICATIONS

GM's Annual Report, Proxy Statement, Forms 10-K and 10-Q and Winning With Integrity (code of conduct) are available online at www.gm.com/investor.

Printed copies may be requested on our website or from GM Stockholder Services at the address listed above (allow four to six weeks for delivery of materials).

VISIT GM ON THE INTERNET

Learn more about General Motors vehicles and services on our website at www.gm.com.

GM CUSTOMER ASSISTANCE CENTERS

Satisfaction with your entire ownership experience is important to us. To request product information or to receive assistance with your vehicle, please contact the appropriate brand via phone or Twitter:

Buick: 800-521-7300 or @BuickCustCare
Cadillac: 800-458-8006 or @CadillacCustSvc
Chevrolet: 800-222-1020 or @ChevyCustCare
GMC: 800-462-8782 or @GMCCustCare
HUMMER: 800-732-5493 or @GMCustomerSvc
Oldsmobile: 800-442-6537 or @GMCustomerSvc
Pontiac: 800-762-2737 or @GMCustomerSvc
Saab: 800-955-9007 or @GMCustomerSvc
Saturn: 800-553-6000 or @GMCustomerSvc

GM of Canada: 800-263-3777
GM Mobility: 800-323-9935

OTHER PRODUCTS AND SERVICES

GM Card: 800-846-2273
OnStar: 888-667-8277

PRINCIPAL OFFICE

General Motors Company

300 Renaissance Center

P.O. Box 300
Detroit, MI
48265-3000

313-556-5000

GENERAL MOTORS COMPANY

300 RENAISSANCE CENTER P.O. BOX 300

DETROIT, MI 48265-3000

WWW.GM.COM

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C006572

Printed on paper that consists of 10% post-consumer fiber

EXHIBIT 19

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of report (Date of earliest event reported): April 21, 2011

Motors Liquidation Company GUC Trust
(Exact Name of Registrant as Specified in Charter)

Delaware	**1-43**	**45-6194071**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

c/o Wilmington Trust Company, as trust administrator and trustee
Attn: David A. Vanaskey Jr., Vice President
Rodney Square North
1100 North Market Street
Wilmington, Delaware — **19890-1615**
(Address of Principal Executive Offices) — (Zip Code)

Registrant's telephone number, including area code: (302) 636-6019

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On April 21, 2011, the Motors Liquidation Company GUC Trust (the "GUC Trust") announced that, pursuant to the Plan (as defined below) and the GUC Trust Agreement (as defined below), it had directed Motors Liquidation Company, f/k/a General Motors Corporation ("MLC") to make an initial distribution (the "Initial Distribution") of more than 75 percent of the New GM Securities (as defined below) to holders of Allowed General Unsecured Claims (as defined below).

Background

As previously discussed in MLC's Current Report on Form 8-K filed on April 4, 2011, MLC, Chevrolet-Saturn of Harlem, Inc., n/k/a MLC of Harlem, Inc., Saturn, LLC, n/k/a MLCS, LLC, and Saturn Distribution Corporation, n/k/a MLCS Distribution Corporation (collectively, the "Initial Debtors") filed voluntary petitions for relief under chapter 11 of title 11 of the U.S. Code (the "Bankruptcy Code"), with the bankruptcy court for the Southern District of New York (the "Bankruptcy Court") on June 1, 2009. On October 9, 2009, Remediation and Liability Management Company, Inc. and Environmental Corporate Remediation Company, Inc. (collectively with the Initial Debtors, the "Debtors") filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court.

On July 5, 2009, the Bankruptcy Court authorized the sale (the "Sale") of substantially all of the assets of the Initial Debtors to a U.S. Treasury sponsored purchaser, NGMCO, Inc. n/k/a General Motors Company ("New GM").[1] In addition to the assumption of certain liabilities by New GM, a credit bid of outstanding obligations under certain prepetition debt held by the U.S. Treasury and a debtor-in-possession credit agreement (the "DIP Credit Agreement") held by the U.S. Treasury and the Governments of Canada and Ontario (through Export Development Canada) ("EDC"), and the cancellation of certain warrants issued to the U.S. Treasury, the primary consideration provided by New GM to the Initial Debtors was 150 million shares of common stock issued by New GM ("New GM Stock"), warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at $10.00 per share ("New GM $10.00 Warrants"), and warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at $18.33 per share ("New GM $18.33 Warrants," and together with the New GM $10.00 Warrants, the "New GM Warrants").[2] In addition, the agreement governing the Sale provides that in the event that the aggregate total allowed general unsecured claims against the Initial Debtors exceed $35 billion, New GM will issue additional New GM Stock in an amount up to 2% of the total New GM Stock outstanding as of the closing of the Sale (the "Additional Shares," and together with the New GM Stock and the New GM Warrants, the "New GM Securities").

[1] Formerly known as General Motors Holding Company, General Motors Company is a Delaware corporation formed as part of that certain holding company reorganization that occurred on October 19, 2009, pursuant to which all of the outstanding shares of common stock and preferred stock of the prior General Motors Company (now known as "General Motors LLC") were exchanged on a one-for-one basis for shares of common stock and preferred stock of the newly organized holding company that now bears the name General Motors Company. General Motors Company has a 100% ownership interest in General Motors Holdings LLC, a Delaware limited liability company, and General Motors LLC is a direct wholly-owned subsidiary of General Motors Holdings LLC.

[2] The number of shares of New GM Common Stock, the number of shares issuable upon exercise of the New GM Warrants to acquire New GM Common Stock, and the exercise price of the New GM Warrants were adjusted to account for a three-for-one stock split of the New GM Common Stock effected in connection with the initial public offering of the New GM Common Stock in November 2010.

On August 31, 2010, the Debtors filed a Joint Chapter 11 Plan and related Disclosure Statement with the Bankruptcy Court. On December 8, 2010, the Debtors filed an Amended Joint Chapter 11 Plan and related Disclosure Statement (as amended, the "Disclosure Statement"). On December 8, 2010, the Bankruptcy Court approved the Disclosure Statement and approved the procedures for solicitation of votes on the Debtors' Amended Joint Chapter 11 Plan. On March 18, 2011, the Debtors filed the Second Amended Joint Chapter 11 Plan (the "Plan") with the Bankruptcy Court. As previously disclosed, on March 29, 2011, the Bankruptcy Court entered an order confirming the Plan (the "Confirmation Date") and on March 31, 2011, the Plan became effective in accordance with its terms (the "Effective Date"). Among other things, the Plan generally provides for the distribution of the New GM Securities to holders of allowed general unsecured claims against the Debtors ("Allowed General Unsecured Claims") pro rata by allowed claim amount.

The GUC Trust

The GUC Trust was formed on March 30, 2011, as a statutory trust under the Delaware Statutory Trust Act, upon the execution of the Motors Liquidation Company GUC Trust Agreement (the "GUC Trust Agreement") by all parties thereto and upon the filing of the Certificate of Trust of Motors Liquidation Company GUC Trust with the Office of the Secretary of State of the State of Delaware. The GUC Trust is administered by Wilmington Trust Company, solely in its capacity as trust administrator and trustee of the GUC Trust (the "GUC Trust Administrator"). Among other rights and duties, the GUC Trust Administrator has the power and authority to hold, manage, sell, invest and distribute the assets comprising the corpus of the GUC Trust, prosecute and resolve objections to disputed general unsecured claims, take all necessary actions to administer the wind-down of the affairs of the Debtors upon their dissolution, and upon such dissolution resolve and satisfy (to the extent allowed) the Residual Wind-Down Claims (as defined below). The activities of the GUC Trust Administrator are overseen by FTI Consulting, Inc., solely in its capacity as monitor of the GUC Trust (the "GUC Trust Monitor"). The GUC Trust Monitor is responsible for reviewing and approving material matters and decisions brought to its attention by the GUC Trust Administrator.

Administration of the Plan

On the Effective Date, there were approximately $29,776 million in Allowed General Unsecured Claims (the "Initial Allowed General Unsecured Claims"). In addition, there were approximately $8,150 million in general unsecured claims asserted against the Debtors that were disputed by the Debtors ("Disputed General Unsecured Claims"), which amount reflects liquidated disputed claims and a Bankruptcy Court ordered reserve for unliquidated disputed claims, but does not reflect potential Avoidance Action General Unsecured Claims (as defined below). Accordingly, the total aggregate amount of general unsecured claims asserted against the Debtors, inclusive of the potential Avoidance Action General Unsecured Claims (as defined below) is approximately $39,426 million. While none of the holders of the Disputed General Unsecured Claims are entitled to receive a distribution of New GM Securities from the GUC Trust currently, such holders will be entitled to receive a distribution if, and to the extent that, such Disputed General Unsecured Claims become Allowed General Unsecured Claims.

Prior to the Effective Date, the Debtors had outstanding objections to approximately $444 million of the aggregate Disputed General Unsecured Claims. In addition, certain claimants are currently participating in alternative dispute resolution proceedings, including mediation and arbitration ("ADR Proceedings"). For claimants that are not subject to ADR Proceedings, such claimants shall be entitled to a hearing before the Bankruptcy Court with respect to the validity of their Disputed General Unsecured Claims. For claimants that are subject to ADR Proceedings, such claimants may be entitled to a hearing before the Bankruptcy Court, or other court of competent jurisdiction, if their Disputed General Unsecured Claims cannot be resolved through the ADR Proceedings.

In addition to the Disputed General Unsecured Claims for which objections are currently pending, there are approximately $7,706 million of Disputed General Unsecured Claims which are not yet subject to objections, including potential contract rejection damages claims. The GUC Trust Agreement provides the GUC Trust Administrator with the authority to file objections to such Disputed General Unsecured Claims within 180 days of the Effective Date (which date may be extended by application to the Bankruptcy Court). Such claims may be prosecuted through ADR Proceedings if appropriate.

To the extent that all or a portion of a Disputed General Unsecured Claim is deemed invalid – or "disallowed" – by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is disallowed shall not be entitled to a distribution from the GUC Trust (subject to any appeal rights of the claimant). However, to the extent that a Disputed General Unsecured Claim is fully resolved, and such resolution results in all or a portion of the original Disputed General Unsecured Claim being deemed valid – or "allowed" – by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is allowed shall be considered an Allowed General Unsecured Claim and shall be entitled to a distribution from the GUC Trust as if it were an Allowed General Unsecured Claim on the Effective Date (such claimants, holders of "Resolved Disputed Claims").

In addition to the Initial Allowed General Unsecured Claims and the Disputed General Unsecured Claims, there may be additional general unsecured claims, in a currently unknown amount, which may potentially arise in the event that the Debtors (or an alternative designated plaintiff) commence and are successful in prosecuting legal actions arising under chapter 5 of the Bankruptcy Code (such actions, "Avoidance Actions"), and recover the proceeds of such legal actions.

As of the Effective Date, only one Avoidance Action, styled as *Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al.*, Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009) (the "Term Loan Avoidance Action"), had been commenced. The Term Loan Avoidance Action was commenced by the Official Committee of Unsecured Creditors of Motors Liquidation Company, and seeks the return of approximately $1.5 billion that had been transferred to a consortium of prepetition lenders pursuant to the terms of the order approving the DIP Credit Agreement. To the extent that the plaintiff in the Term Loan Avoidance Action is successful in obtaining and collecting a judgment against the defendant(s) therein, general unsecured claims will arise in the amount actually collected from the defendant(s), and in the name of such defendant(s) (such general unsecured claims "Avoidance Action General Unsecured Claims," and together with Resolved Disputed Claims, the "Resolved Allowed Claims").

While the Term Loan Avoidance Action was the only Avoidance Action pending on the Effective Date, the Debtors (or an alternative designated plaintiff) could commence additional Avoidance Actions after the Effective Date (the "Other Avoidance Actions"). To the extent that Other Avoidance Actions are commenced and proceeds are recovered from the defendant(s) with respect thereto, Avoidance Action General Unsecured Claims will arise in the amount actually collected from the defendant(s), and in the name of such defendant(s).

Unless and until Avoidance Action General Unsecured Claims arise, the potential holders of such claims shall not be entitled to receive a distribution from the GUC Trust. However, once such Avoidance Action General Unsecured Claims arise, the holders of such claims shall be entitled to receive a distribution of New GM Securities from the GUC Trust.

Reserve for Resolved Allowed Claims

In an attempt to ensure that there are sufficient New GM Securities available to provide distributions to all holders of Resolved Allowed Claims as if such holders were holders of Initial Allowed General Unsecured Claims, the GUC Trust Agreement provides that additional distributions of New GM Securities to holders of Initial Allowed General Unsecured Claims will be made only if and to the extent that the GUC Trust holds New GM Securities in excess of the amount of New GM Securities (i) that are reserved for purposes of funding administrative costs that overrun the Budget (as defined below) and (ii) that would be attributable to holders of Disputed General Unsecured Claims and Avoidance Action General Unsecured Claims, in the aggregate, assuming all such claims became Resolved Allowed Claims at each of such claims' "maximum amount." The "maximum amount" of each Disputed General Unsecured Claim and Avoidance Action General Unsecured Claim is determined in accordance with the following procedures:

- With respect to any Disputed General Unsecured Claim that has been capped at an amount agreed to by the Debtors and/or the GUC Trust Administrator, on the one hand, and the holder of such claim, on the other hand (which may include any agreed capped amount imposed pursuant to the procedures governing any ADR Proceeding), such Disputed General Unsecured Claim's "maximum amount" is the capped amount;

- With respect to any Disputed General Unsecured Claim that has been estimated or determined by the Bankruptcy Court in accordance with Bankruptcy Code Section 502(c), such Disputed General Unsecured Claim's "maximum amount" is the estimated amount;
- With respect to any fully liquidated or partially liquidated Disputed General Unsecured Claim that is not subject to a cap and has not been estimated by the Bankruptcy Court, such Disputed General Unsecured Claim's "maximum amount" is the amount set forth in the proof of claim associated with such claim;
- With respect to fully unliquidated Disputed General Unsecured Claims that are not subject to a cap and were not otherwise estimated by the Bankruptcy Court, such claims were estimated in the aggregate pursuant to a Bankruptcy Court order dated March 4, 2011;
- With respect to the potential Avoidance Action General Unsecured Claims associated with the Term Loan Avoidance Action, the "maximum amount" is an amount equal to the amount that the plaintiff is seeking to recover in the Term Loan Avoidance Action (which amount shall initially be equal to $1.5 billion); and
- With respect to the potential Avoidance Action General Unsecured Claims associated with the Other Avoidance Actions, the "maximum amount" is an amount equal to the amount that the plaintiff(s) are seeking to recover in the Other Avoidance Actions.

As of the Effective Date, the "maximum amount" of the Disputed General Unsecured Claims and Avoidance Action General Unsecured Claims, in the aggregate, was approximately $9,650 million, which amount has been designated as a reserve for future Resolved Allowed Claims (the "Claims Reserve"). Accordingly, on the Effective Date, the Claims Reserve consisted of approximately 36.7 million New GM Common Stock, 33.4 million New GM $10.00 Warrants and 33.4 million New GM $18.33 Warrants. Pursuant to the GUC Trust Agreement, the GUC Trust will make distributions to holders of Resolved Allowed Claims (if any) on a quarterly basis from the Claims Reserve.

While the Plan provides that units of the GUC Trust, representing the contingent right to receive subsequent distributions of New GM Securities could have been issued by the GUC Trust in transferable form, the conditions required for the issuance of such transferable units were not met. Therefore, the GUC Trust will not issue any transferrable GUC Trust units. Any subsequent distributions of New GM Securities will be made, with respect to holders of claims based in debt issued by the Debtors (such holders, "Bondholders"), through escrow positions established by the Depository Trust Company to those Bondholders who received the Initial Distribution, and, with respect to non-Bondholder claimants, to those persons who were holders of Allowed General Unsecured Claims (including Resolved Allowed Claims) as of the Confirmation Date (the distribution record date under the Plan).

GUC Trust Assets

The New GM Securities are currently held by MLC. The GUC Trust has the authority to request, and MLC is required to provide, an amount of New GM Securities necessary to make distributions pursuant to the Plan and the GUC Trust Agreement. However, because the GUC Trust is obligated to distribute all New GM Securities received from MLC within thirty (30) days of receipt thereof (until the dissolution of MLC), the GUC Trust Administrator intends to only request the amount of New GM Securities necessary to make immediately forthcoming distributions pursuant to the Plan and the GUC Trust Agreement. On or after December 15, 2011, but by no later than December 29, 2011, all remaining undistributed New GM Securities shall be transferred from MLC to the GUC Trust (the "GUC Trust Transfer Date"). To the extent that any of such New GM Securities transferred to the GUC Trust on the GUC Trust Transfer Date would otherwise be distributable on the next upcoming distribution date, such New GM Securities must be distributed by the GUC Trust within thirty (30) days of receipt thereof. The remaining New GM Securities transferred to the GUC Trust on the GUC Trust Transfer Date shall not be required to be distributed by the GUC Trust within thirty (30) days of receipt thereof.

As of the Effective Date, the corpus of the GUC Trust consisted solely of approximately $52.7 million in cash contributed by MLC solely to fund the fees and expenses incurred by the GUC Trust in administering its duties pursuant to the Plan and the GUC Trust Agreement (the "GUC Trust Administrative Fund"). The GUC Trust Administrative Fund is subject to a lien held by the U.S. Treasury and EDC which was obtained pursuant to the DIP Credit Agreement. As such, the cash comprising the GUC Trust Administrative Fund cannot be utilized for distributions to holders of Allowed General Unsecured Claims. Moreover, the usage of the GUC Trust Administrative Fund for the payment of fees and expenses of the GUC Trust is subject to a budget (the "Budget") which must be approved on an annual basis by the U.S. Treasury and EDC. Any fees and expenses incurred by the GUC Trust that exceed the Budget will not be paid from the GUC Trust Administrative Fund. Rather, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor and the Bankruptcy Court to sell New GM Securities to cover any shortfall.

Residual Wind-Down Claims

Upon the dissolution of the Debtors, which will occur no later than December 15, 2011, the GUC Trust shall be responsible for resolving and satisfying (to the extent allowed) all remaining disputed administrative expenses, priority tax claims, priority non-tax claims and secured claims (the "Residual Wind-Down Claims"). On the date of dissolution of the Debtors, the Debtors shall transfer to the GUC Trust cash in an amount necessary to satisfy the ultimate allowed amount of such Residual Wind-Down Claims, as estimated by the Debtors (the "Residual Wind-Down Cash"). However, to the extent that such Residual Wind-Down Cash is insufficient to satisfy in full the allowed Residual Wind-Down Claims, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor and the Bankruptcy Court, to sell New GM Securities to cover any shortfall.

SIGNATURE

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

Date: April 27, 2011

MOTORS LIQUIDATION COMPANY GUC TRUST

By: Wilmington Trust Company, not in its individual capacity, but solely in its capacity as trust administrator and trustee of the Motors Liquidation Company GUC Trust

By: /s/ David A. Vanaskey
Name: David A. Vanaskey
Title: Vice President of Wilmington Trust Company

EXHIBIT 20

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of report (Date of earliest event reported): May 16, 2014

Motors Liquidation Company GUC Trust
(Exact Name of Registrant as Specified in Charter)

Delaware	001-00043	45-6194071
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

c/o Wilmington Trust Company, as trust administrator and trustee
Attn: David A. Vanaskey Jr., Vice President
Rodney Square North
1100 North Market Street
Wilmington, Delaware
(Address of Principal Executive Offices)

19890-1615
(Zip Code)

Registrant's telephone number, including area code: (302) 636-6000

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01 Other Events.

On May 16, 2014, the Bankruptcy Court for the Southern District of New York (the "Court") issued a scheduling order (the "Scheduling Order") with respect to a number of issues relating to a motion filed by General Motors Company (together with its consolidated subsidiaries, "New GM") in which the GUC Trust has appeared as a party in interest, as summarized below.

In its quarterly report on Form 10-Q filed April 24, 2014 (the "New GM Form 10-Q"), New GM disclosed that since the beginning of 2014, New GM had recalled approximately 2.6 million vehicles to repair ignition switches or to fix ignition lock cylinders and an additional 4.4 million vehicles to address certain electrical and other safety concerns. In addition, as disclosed in its current report on Form 8-K filed May 15, 2014, New GM subsequently announced five new safety recalls relating to additional defects, affecting approximately 2.7 million vehicles. Many of the vehicles affected by the foregoing recalls were manufactured or sold prior to July 10, 2009, the date that Motors Liquidation Company (formerly General Motors Corporation) sold substantially all of its assets to New GM pursuant to the provisions of Section 363(b) of Chapter 11 of the United States Bankruptcy Code (the "Closing Date").

In the New GM Form 10-Q, New GM also disclosed that 55 putative class actions had been filed by various plaintiffs (the "Plaintiffs") against New GM seeking compensatory damages for economic losses allegedly resulting from the ignition-switch-related recalls or the underlying condition of the vehicles covered by those recalls (the "Ignition Switch Issue"). Since the date of that quarterly report, additional putative class actions have been filed against New GM relating to the Ignition Switch Issue (together, with the above-described lawsuits, the "Class Actions"). The claims of many of the putative Class Actions may be overlapping, and to date, such actions have not been consolidated. The Judicial Panel on Multidistrict Litigation has scheduled a May 29, 2014 hearing to determine whether to consolidate and transfer the Class Actions filed in federal courts for coordinated and consolidated pretrial proceedings.

On April 21, 2014, New GM filed a motion with the Court seeking to enforce the Sale Order and Injunction, entered on July 5, 2009 (the "Sale Order"), approving the sale of substantially all of the assets of General Motors Corporation ("Old GM," and subsequently known as Motors Liquidation Company) to New GM pursuant to Section 363(b) of Chapter 11 of the United States Bankruptcy Code, which incorporates the terms of the Master Sale and Purchase Agreement, dated July 10, 2009 (the "MSPA"), by and among Old GM, certain of its debtor subsidiaries, and New GM. Under the terms of the Sale Order and the MSPA, all product liability and property damage claims arising from accidents or incidents prior to the Closing Date are to remain with Old GM as general unsecured claims. The GUC Trust has appeared in the proceedings in the Bankruptcy Court as an interested party.

On May 16, 2014, the Court entered the Scheduling Order identifying a number of "threshold issues" for its resolution, including whether a fraud on the Court was committed in connection with the Sale Order in respect of the Ignition Switch Issue and whether any or all of the claims asserted in the Class Actions are claims against Old GM and/or the GUC Trust. The GUC Trust intends to vigorously defend its position that none of the claims of the Plaintiffs may be properly asserted against Old GM or the GUC Trust.

As previously disclosed, on September 16, 2009, the Court entered the bar order (the "Bar Order"), setting November 30, 2009, as the bar date for filing proofs of claims related to all general unsecured claims against Old GM and, following the passage of the effective date of Old GM's *Second Amended Joint Chapter 11 Plan* dated March 18, 2011 (the "Plan"), the GUC Trust. To date, no Plaintiff has asserted a claim against the GUC Trust in connection with the Class Actions. In any event, however, the Scheduling Order provides that the threshold issues do not include whether any claims in the Class Actions are timely or meritorious as against the bankruptcy estate of Old GM or the GUC Trust (notwithstanding the Bar Order).

Nonetheless, no assurance may be given that personal injury, property damage and other claims relating to New GM's recalls involving GM vehicles manufactured or sold prior to the Closing Date and/or settlements previously reached with certain plaintiffs who asserted personal injury, property damage or other claims due to incidents or accidents that occurred prior to the Closing Date, will not adversely affect the GUC Trust, its assets or the Plan.

SIGNATURE

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

Date: May 19, 2014

MOTORS LIQUIDATION COMPANY GUC TRUST

By: Wilmington Trust Company, not in its individual capacity, but solely in its capacity as trust administrator and trustee of the Motors Liquidation Company GUC Trust

By: /s/ David A. Vanaskey
Name: David A. Vanaskey
Title: Vice President of Wilmington Trust Company

EXHIBIT 21

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended March 31, 2014

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission File No. 001-00043

Motors Liquidation Company GUC Trust
(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**45-6194071** **(IRS Employer Identification No.)**
c/o Wilmington Trust Company, as trust administrator and trustee **Attn: David A. Vanaskey Jr., Vice President** **Rodney Square North** **1100 North Market Street** **Wilmington, Delaware** **(Address of principal executive offices)**	**19890-1615** **(Zip Code)**

(302) 636-6019
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☒ No ☐

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒ *

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐

Non-accelerated filer ☒ (Do not check if a smaller reporting company) Smaller Reporting Company ☐

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.
Yes ☐ No ☒ *

* The registrant is not required to file reports pursuant to Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934, but has filed all reports required pursuant to the relief granted to the registrant in a No Action Letter from the Division of Corporation Finance of the Securities and Exchange Commission to the registrant dated May 23, 2012.

MOTORS LIQUIDATION COMPANY GUC TRUST
FORM 10-K TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (the "Form 10-K") contains forward-looking statements about the assets, financial condition and prospects of the Motors Liquidation Company GUC Trust, or the GUC Trust. Actual results could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including, without limitation, the resolution of the Disputed General Unsecured Claims (as defined below), the outcome of and the ultimate recovery on the Term Loan Avoidance Action (as defined below), any related incurrence of Allowed General Unsecured Claims (as defined below), the GUC Trust's incurrence of professional fees, tax liabilities and other expenses in connection with administration of the GUC Trust, economic conditions, changes in tax and other governmental rules and regulations applicable to the GUC Trust, fluctuations in the market price of the New GM Securities (as defined below) and other risks, as well as various risks and uncertainties associated with New GM (as defined below), as described in New GM's periodic and current reports filed under the Securities Exchange Act of 1934, as amended. Some of these risks and uncertainties are beyond the ability of the GUC Trust to control, and in many cases, risks and uncertainties that could cause actual results to differ materially from those indicated by the forward-looking statements cannot be predicted. When used in this Form 10-K, the words "believes," "estimates," "plans," "expects," "intends," and "anticipates" and similar expressions are intended to identify forward-looking statements.

GLOSSARY

A glossary of defined terms used in this Form 10-K is provided beginning on page 14.

PART I

Item 1. Business.

The GUC Trust was formed on March 30, 2011 as a statutory trust under the Delaware Statutory Trust Act, as amended, or the Delaware Act, upon the execution of the Motors Liquidation Company GUC Trust Agreement, or the GUC Trust Agreement (a copy of which, as amended, is filed as Exhibit 3.1 hereto), by Motors Liquidation Company, or MLC, MLC of Harlem, Inc., MLCS, LLC, MLCS Distribution Corporation, Remediation and Liability Management Company, Inc. and Environmental Corporate Remediation Company, Inc., Wilmington Trust Company, not in its individual capacity but solely in its capacity as trust administrator and trustee of the GUC Trust, or the GUC Trust Administrator, and FTI Consulting, Inc., solely in its capacity as trust monitor of the GUC Trust, or the GUC Trust Monitor, and upon the filing of the Certificate of Trust of Motors Liquidation Company GUC Trust with the Office of the Secretary of State of the State of Delaware.

The GUC Trust has no officers, directors or employees. The GUC Trust is administered by the GUC Trust Administrator, which is authorized by the GUC Trust Agreement to engage professionals, or GUC Trust professionals, to assist the GUC Trust Administrator in the administration of the GUC Trust. Accordingly, the GUC Trust and GUC Trust Administrator rely on receiving accurate information, reports and other representations from (i) the GUC Trust professionals, (ii) the GUC Trust Monitor, and (iii) other service providers to the GUC Trust. Notwithstanding such reliance, the GUC Trust Administrator is ultimately responsible for the disclosure provided in this Form 10-K. Among other rights and duties, pursuant and subject to the GUC Trust Agreement, the GUC Trust Administrator has the powers and authority as set forth in the GUC Trust Agreement, including, without limitation, the power and authority to hold, manage, sell, invest and distribute the assets comprising the corpus of the GUC Trust, prosecute and resolve objections to Disputed General Unsecured Claims (as defined below), take all necessary actions to administer the wind-down of the affairs of the Debtors (as defined below), and resolve and satisfy (to the extent allowed) any administrative expenses, priority tax claims, priority non-tax claims and secured claims, or collectively the Residual Wind-Down Claims. The activities of the GUC Trust Administrator are overseen by the GUC Trust Monitor. As further described below, the GUC Trust was formed for the purposes of implementing the Plan (as defined below) as a post-confirmation successor to MLC and resolving Disputed General Unsecured Claims against MLC and its affiliated debtors and debtors-in-possession, or the Debtors, and winding-down the Debtors' affairs, with no objective to engage in the conduct of a trade or business. The GUC Trust is a post-confirmation successor to MLC within the meaning of Section 1145 of title 11 of the United States Code, or the Bankruptcy Code.

Background: The General Motors Corporation Bankruptcy

General Motors Corporation, or Old GM, which is also known as MLC, and certain of its direct and indirect subsidiaries Chevrolet-Saturn of Harlem, Inc., n/k/a MLC of Harlem, Inc., Saturn, LLC, n/k/a MLCS, LLC and Saturn Distribution Corporation, n/k/a MLCS Distribution Corporation filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court for the Southern District of New York, or the Bankruptcy Court, on June 1, 2009. On October 9, 2009, Remediation and Liability Management Company, Inc. and Environmental Corporate Remediation Company, Inc. filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the Bankruptcy Court.

On July 5, 2009, the Bankruptcy Court authorized the sale of substantially all of the assets of the Debtors to an acquisition vehicle principally formed by the United States Department of the Treasury, or the U.S. Treasury. On July 10, 2009, the acquisition vehicle, NGMCO, Inc., acquired substantially all of the assets and assumed certain liabilities of the Debtors pursuant to a Master Sale and Purchase Agreement, or, as amended, the MSPA, among Old GM and certain of its debtor subsidiaries and NGMCO, Inc., in a transaction under Section 363 of the Bankruptcy Code, or the 363 Transaction. In connection with the 363 Transaction, Old GM changed its name to Motors Liquidation Company and the acquisition vehicle pursuant to a holding company reorganization became General Motors Company, or (together with its consolidated subsidiaries) New GM.

The primary consideration provided by New GM to the Debtors under the MSPA was 150 million shares of common stock of New GM, or the New GM Common Stock, issued by New GM, amounting to approximately 10% of the outstanding New GM Common Stock at the time of the closing of the 363 Transaction, a series of warrants to acquire 136,363,635 newly issued shares of New GM Common Stock with an exercise price set at $10.00 per share, expiring July 10, 2016, or the New GM Series A Warrants, and another series of warrants to acquire 136,363,635 newly issued shares of New GM Common Stock with an exercise price set at $18.33 per share, expiring July 10, 2019, or the New GM Series B Warrants, and, collectively, the New GM Warrants. Together, the New GM Warrants constituted approximately 15% of the New GM Common Stock on a fully-diluted basis at the time of their issuance. Both the New GM Series A Warrants and the New GM Series B Warrants are subject to customary anti-dilution adjustments. The New GM Common Stock and both series of New GM Warrants are currently listed on the New York Stock Exchange, or the NYSE.

Additional consideration was also provided in the form of (i) the assumption of certain liabilities by New GM, (ii) a credit bid of certain outstanding obligations under (a) certain prepetition debt held by the U.S. Treasury and (b) a debtor-in-possession credit agreement, or the DIP Credit Agreement, held by, as lenders thereunder, the U.S. Treasury and the Governments of Canada and Ontario (through Export Development Canada), and together with the U.S. Treasury, the DIP Lenders, and (iii) the cancellation of certain warrant notes issued to the U.S. Treasury.

On March 18, 2011, the Debtors filed the Debtors' Second Amended Joint Chapter 11 Plan, or the Plan, with the Bankruptcy Court, and on March 29, 2011, or the Confirmation Date, the Bankruptcy Court entered an order confirming the Plan, or the Confirmation Order. The Plan became effective on March 31, 2011, or the Effective Date. On December 15, 2011, or the Dissolution Date, as required by the Plan, MLC filed a Certificate of Dissolution with the Secretary of State of the State of Delaware and MLC was dissolved as of such date. On April 18, 2013, the Bankruptcy Court entered an order granting the GUC Trust's request for entry of a final decree administratively closing each of the Debtors' chapter 11 cases other than that of MLC.

The Plan and the Formation of the GUC Trust

The Plan treats all creditors and equity interest holders in accordance with their relative priorities under the Bankruptcy Code, and designates 6 distinct classes of claims or equity interests: secured claims, priority non-tax claims, general unsecured claims, property environmental claims, asbestos personal injury claims and equity interests in MLC. The GUC Trust is primarily tasked with the resolution and satisfaction of general unsecured claims. Under the terms of the Plan and following the Special Excess Distribution (as defined below), for each $1,000 in amount of allowed general unsecured claims against the Debtors, or the Allowed General Unsecured Claims, the holders of such claims are entitled to receive (upon delivery of any information required by the GUC Trust) approximately 4.19 shares of New GM Common Stock and approximately 3.81 warrants of each series of New GM Warrants, as well as one unit of beneficial interest in the GUC Trust, or a GUC Trust Unit, subject in each case to rounding under the Plan, the GUC Trust Agreement and/or the rules of any applicable clearing system, and exclusive of any securities received, or to be received, in respect of GUC Trust Units. Holders of disputed general unsecured claims against the Debtors, or the Disputed General Unsecured Claims, will receive subsequent distributions of New GM Common Stock and New GM Warrants (which are collectively called the New GM Securities) and GUC Trust Units, in respect of such claims, only if and to the extent that their Disputed General Unsecured Claims are subsequently allowed, or Resolved Disputed Claims.

The Plan provides for the formation of the GUC Trust to, among other duties, administer the prosecution, resolution and satisfaction of general unsecured claims and Residual Wind-Down Claims against the Debtors. As further described below, the GUC Trust is responsible for implementing the Plan, including distributing the New GM Securities and GUC Trust Units to holders of Allowed General Unsecured Claims in satisfaction of their claims, resolving (that is, seeking allowance or disallowance of all or part of such claims) Disputed General Unsecured Claims that were outstanding as of the Effective Date and distributing New GM Securities and GUC Trust Units in satisfaction of the Resolved Allowed Claims (as defined below).

Under the Plan, the Debtors were required to be dissolved no later than the Dissolution Date. Upon the dissolution of MLC, the GUC Trust assumed responsibility for the winding down of the affairs of the Debtors and resolving and satisfying the Residual Wind-Down Claims.

The GUC Trust had an initial stated term of three years from the Effective Date. On February 6, 2014, the Bankruptcy Court entered an order extending the duration of the GUC Trust to March 31, 2015. The duration of the GUC Trust may in the future be shortened or further extended upon application to and approval by the Bankruptcy Court as necessary to complete the claims resolution process and the wind-down of the Debtors' affairs. The GUC Trust will remain under the jurisdiction of the Bankruptcy Court throughout the term of its existence.

The GUC Trust Assets

As of the Effective Date, the corpus of the GUC Trust consisted solely of approximately $52.7 million in cash contributed by the Debtors to fund the administrative fees and expenses (including certain tax obligations), or the Wind-Down Costs, incurred by the GUC Trust in administering its duties pursuant to the Plan and the GUC Trust Agreement, or the Administrative Fund. The cash comprising the Administrative Fund was obtained by MLC from the DIP Lenders and is subject to a lien held by the DIP Lenders pursuant to the DIP Credit Agreement, with any excess funds remaining in the Administrative Fund required to be returned to the DIP Lenders after (i) the satisfaction in full of all Wind-Down Costs and other liabilities of the GUC Trust (subject to the terms of the GUC Trust Agreement) and (ii) the winding up of the GUC Trust's affairs. As such, the Administrative Fund cannot be utilized for distributions to holders of Allowed General Unsecured Claims.

Moreover, the usage of the Administrative Fund for the payment of fees and expenses of the GUC Trust is subject to a budget, (the "Budget"), which must be submitted on an annual basis to the GUC Trust Monitor and the DIP Lenders for their approval and is updated quarterly as needed. The GUC Trust Agreement provides that any Wind-Down Costs incurred by the GUC Trust that exceed or are not covered by the Budget cannot be paid from the Administrative Fund, except with written consent of the DIP Lenders or Bankruptcy Court approval, in limited circumstances.

The GUC Trust Agreement provides that the Administrative Fund may not be utilized to fund certain specified costs, fees and expenses, which are referred to as Reporting Costs, including those directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the Securities and Exchange Commission (the "SEC"), (ii) the transfer, registration for transfer and certification of GUC Trust Units, (iii) the application by the Committee (as defined below) to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect to the distribution of New GM Securities, which is discussed in more detail below under the heading "Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock," and (iv) certain legal proceedings relating to the Term Loan Avoidance Action. In addition, the Administrative Fund cannot be used to fund any current or projected tax liabilities of the GUC Trust, other than those included in the Budget. However, the GUC Trust Agreement provides the GUC Trust Administrator with the authority to set aside from distribution and sell New GM Securities to fund such Reporting Costs (the proceeds of such sales, the "Reporting and Transfer Cash") and projected tax liabilities (other than those included in the Budget), with the approval of the Bankruptcy Court and/or the GUC Trust Monitor, in each case as described below.

The GUC Trust Agreement affords the GUC Trust Administrator, with the approval of the GUC Trust Monitor, the authority to set aside from distribution New GM Securities in numbers sufficient to satisfy (i) any current or projected Wind-Down Costs of the GUC Trust that exceed the amounts budgeted or were not budgeted in the Administrative Fund, including federal income taxes incurred in respect of dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust ("Dividend Taxes"), (ii) any current or projected Reporting Costs that exceed the then current Reporting and Transfer Cash, or (iii) any current or projected Taxes on Distribution (as defined below). This process is not related to, and is separate from, the process of recording current and deferred income tax liabilities, as well as reserves for expected costs of liquidation in the Statement of Net Assets in Liquidation as a matter of financial reporting, which is only required for expected costs of liquidation for which there is a reasonable basis for estimation under applicable accounting standards. See "Critical Accounting Policies and Estimates—Reserves for Expected Costs of Liquidation" and "—Income Taxes" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below. The GUC Trust Administrator reevaluates, on a quarterly basis, the amount of New GM Securities needed to be set aside from distribution for purposes of funding projected liquidation and administrative costs (including projected Dividend Taxes) and potential Taxes on Distribution. The calculation converts estimates of projected liquidation and administrative costs and potential Taxes on Distributions into the number of New GM Securities to be set aside from distribution, using the trailing twelve month average closing prices for the New GM Securities since the Dissolution Date (the date record ownership of the New GM Securities was transferred to the GUC Trust from MLC). For additional information, see "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below.

The GUC Trust Administrator may liquidate New GM Securities that have been set aside from distribution to fund (with the required approval of the Bankruptcy Court) the current or projected Wind-Down Costs (including Dividend Taxes) or Reporting Costs of the GUC Trust and (with the required approval of only the GUC Trust Monitor) current and projected Taxes on Distribution of the GUC Trust. The cash proceeds of such sales, and the marketable securities in which such cash proceeds are invested, are referred to as Other Administrative Cash. Pursuant to the GUC Trust Agreement, any cash or marketable securities constituting Other Administrative Cash which remain at the winding up and conclusion of the GUC Trust will be distributed to the holders of GUC Trust Units. The Bankruptcy Court has previously, in March 2012, and again in December 2012, approved the sale of New GM Securities to fund certain accrued and projected Wind-Down Costs which were in excess of the amounts budgeted in the Administrative Fund for such costs, and certain projected Reporting Costs which were in excess of the Reporting and Transfer Cash. Through March 31, 2014, sales of New GM Securities to fund projected Reporting Costs and Wind-Down Costs aggregated approximately $50.2 million. As of March 31, 2014, approximately $13.2 million remained in Other Administrative Cash and was recorded in cash and cash equivalents and marketable securities in the Statement of Net Assets in Liquidation as of March 31, 2014.

Prior to the dissolution of MLC, certain designated assets and the New GM Securities were maintained at MLC (the latter was retained by MLC to avoid federal income taxes that might have been payable by the GUC Trust upon distribution of the New GM Securities with respect to any appreciation of the securities while in possession of the GUC Trust, or Taxes on Distribution; see discussion below). As required by the Plan, MLC transferred to the GUC Trust on the Dissolution Date (i) record ownership of all remaining undistributed New GM Securities, which consisted of 30,967,561 shares of New GM Common Stock, 28,152,186 New GM Series A Warrants and 28,152,186 New GM Series B Warrants, (ii) approximately $2.0 million designated for Reporting Costs, (iii) approximately $1.4 million designated for reimbursing the indenture trustees and the fiscal and paying agents under the Debtors' prepetition debt issuances for costs associated with, among other things, administering distributions to registered holders of the Debtors' prepetition debt issuances, and (iv) certain rights and obligations. Separately, on the Dissolution Date, MLC transferred $500,000 to the Avoidance Action Trust (as defined below) for the purposes of funding any potential public reporting requirements of the Avoidance Action Trust, in which funds the GUC Trust holds a residual interest to the extent unused by the Avoidance Action Trust.

Further, upon the dissolution of MLC, the GUC Trust assumed responsibility for the winding down of the affairs of the Debtors and resolving and satisfying the Residual Wind-Down Claims. Under the Plan, upon the dissolution of MLC, the Debtors were directed to transfer to the GUC Trust, Residual Wind-Down Assets (as defined below) in an amount sufficient, based upon the Debtors' reasonable estimate, to satisfy the Residual Wind-Down Claims and the Residual Wind-Down Costs (as defined below). On the Dissolution Date, MLC transferred approximately $42.8 million in Residual Wind-Down Assets to the GUC Trust (which amount consisted of approximately $40.0 million in cash, including approximately $1.4 million for payment of certain defense costs related to the Term Loan Avoidance Action, or the Avoidance Action Defense Costs, and the transferred benefit of approximately $2.8 million in prepaid expenses).

Pursuant to the GUC Trust Agreement and the Plan, the Residual Wind-Down Assets are to be administered in accordance with the GUC Trust Agreement and Plan and are to be used to satisfy and resolve the Residual Wind-Down Claims and to fund the Residual Wind-Down Costs and certain Avoidance Action Defense Costs. Any unused portions of the Residual Wind-Down Assets must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. If, collectively, the actual amounts of Residual Wind-Down Claims allowed, the Residual Wind-Down Costs and the Avoidance Action Defense Costs exceed the Residual Wind-Down Assets, the GUC Trust Administrator may be required to set aside from distribution and sell additional New GM Securities to fund the shortfall. Any such sale of securities would reduce the numbers of New GM Securities available for distribution to holders of GUC Trust Units.

In March 2014, the GUC Trust received dividends on the New GM Common Stock it held as of the record date of $0.30 per share aggregating approximately $4.6 million. New GM has also declared a dividend of $0.30 per share to holders of New GM Common Stock of record as of June 10, 2014. Such dividends and any future declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case, the dividends relating to those shares will be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) will be maintained in Other Administrative Cash. Because such dividends are applied to the same purpose as the New GM Common Stock, references in this Form 10-K to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

The GUC Trust does not and will not engage in any trade or business. As a result, the only income earned by the GUC Trust is interest income and dividends from permitted investments of cash as prescribed by the GUC Trust Agreement. The GUC Trust has no other sources of income. As of March 31, 2014, the GUC Trust had an aggregate of approximately $14.9 million in cash and cash equivalents and $44.4 million in marketable securities consisting of corporate commercial paper and municipal government commercial paper and variable rate notes.

Functions and Responsibilities of the GUC Trust

The functions and responsibilities of the GUC Trust are governed by the Plan and the GUC Trust Agreement, as amended, with the oversight of the GUC Trust Monitor. The GUC Trust has no officers, directors or employees. The GUC Trust is administered by the GUC Trust Administrator, which is authorized by the GUC Trust Agreement to engage Trust Professionals to assist the GUC Trust Administrator in the administration of the GUC Trust. Accordingly, the GUC Trust and GUC Trust Administrator rely on receiving accurate information, reports and other representations from (i) the Trust Professionals, (ii) the GUC Trust Monitor, and (iii) other service providers to the GUC Trust. Notwithstanding such reliance, the GUC Trust Administrator is ultimately responsible for the disclosure provided in this Form 10-K. Under the GUC Trust Agreement, among other duties and obligations, the GUC Trust is obligated to distribute the assets comprising the corpus of the GUC Trust to satisfy Allowed General Unsecured Claims, prosecute and resolve objections to Disputed General Unsecured Claims, take all necessary actions to administer the wind-down of the affairs of the Debtors and resolve and satisfy (to the extent allowed) the Residual Wind-Down Claims assumed by the GUC Trust.

- Satisfaction of Allowed General Unsecured Claims

Pursuant to the GUC Trust Agreement, the GUC Trust is required to make quarterly distributions, provided that either (i) the Minimum Threshold (as defined below) with respect to the Excess GUC Trust Distributable Assets (as defined below) is reached or (ii) Resolved Allowed Claims have arisen during the GUC Trust's preceding fiscal quarter. If a distribution of Excess GUC Trust Distributable Assets is required to be made, then the GUC Trust Administrator must select the record date for such distribution. Each quarterly distribution is made as promptly as practicable following the close of the immediately preceding fiscal quarter.

In addition to New GM Securities and Dividend Cash, the GUC Trust Agreement provides for the distribution of GUC Trust Units to holders of Allowed General Unsecured Claims equal to one GUC Trust Unit per $1,000 in Allowed General Unsecured Claims, subject to rounding under the GUC Trust Agreement. Each GUC Trust Unit represents the contingent right to receive, on a pro rata basis, the excess assets of the GUC Trust, including additional New GM Securities (if and to the extent such New GM Securities are not required for the satisfaction of the Resolved Allowed Claims), Dividend Cash associated with such additional New GM Securities and

Other Administrative Cash, if any, available for distribution in respect of the GUC Trust Units, either through a periodic distribution as provided for under the GUC Trust Agreement, or upon the dissolution of the GUC Trust, in each case subject to the terms and conditions of the GUC Trust Agreement and the Plan, or the Excess GUC Trust Distributable Assets.

Pursuant to the GUC Trust Agreement, quarterly distributions are required to be made to (i) holders of Resolved Allowed Claims, and (ii) beneficiaries of GUC Trust Units (including persons listed in (i)), subject to the following limitation. The GUC Trust will make quarterly distributions in respect of the GUC Trust Units only if and to the extent that certain previously Disputed General Unsecured Claims asserted against the Debtors are either disallowed or are otherwise resolved favorably to the Debtors' estates (thereby reducing the amount of GUC Trust distributable assets which would be required to satisfy in full all the then-remaining Disputed General Unsecured Claims) and the resulting amount of Excess GUC Trust Distributable Assets as of the end of the relevant quarter exceeds thresholds set forth in the GUC Trust Agreement, or the Minimum Threshold. The Minimum Threshold is equal to: (i) with respect to New GM Common Stock, 1,000,000 shares of New GM Common Stock, (ii) with respect to the New GM Series A Warrants, warrants to acquire 909,091 shares of New GM Common Stock (subject to customary adjustment), (iii) with respect to the New GM Series B Warrants, warrants to acquire 909,091 shares of New GM Common Stock (subject to customary adjustment), and (iv) with respect to cash, $5 million. Notwithstanding the foregoing, holders of Resolved Allowed Claims receiving quarterly distributions will additionally receive distributions in respect of their GUC Trust Units that such recipients would have previously received had they been holders of Initial Allowed General Unsecured Claims (as defined below).

Holders of Allowed General Unsecured Claims who do not satisfy certain informational requirements by a date, or dates, established by the GUC Trust Administrator in connection with a quarterly distribution may not receive New GM Securities or cash pursuant to such distribution; provided, however, that each such holder will be entitled to participate in the first quarterly distribution following its satisfaction of such informational requirements. In addition, if a holder of an Allowed General Unsecured Claim fails to satisfy such informational requirements prior to dissolution of the GUC Trust, such holder may risk forfeiting the distribution to which it would otherwise be entitled, and any such assets would be distributed to the beneficiaries of GUC Trust Units.

On or about the Effective Date, there were approximately $29,771 million in Allowed General Unsecured Claims, or the Initial Allowed General Unsecured Claims. As of March 31, 2014, there were approximately $31,854 million in Allowed General Unsecured Claims. See the table on page 31 for a summary of the Allowed General Unsecured Claims, Disputed General Unsecured Claims and Term Loan Avoidance Action Claims (as defined below).

On April 21, 2011, as supplemented by a secondary distribution on May 26, 2011, the GUC Trust made its initial distribution of New GM Securities to holders of Initial Allowed General Unsecured Claims, or the Initial Distribution. The GUC Trust has made nine subsequent quarterly distributions, on July 28, 2011, October 28, 2011, April 27, 2012, August 3, 2012, November 5, 2012, February 8, 2013, May 10, 2013, August 9, 2013, and October 31, 2013, each in respect of the Disputed General Unsecured Claims that were resolved in the immediately preceding fiscal quarter.

The quarterly distributions in respect of the fiscal quarters ended June 30, 2011 and September 30, 2011 reflected distributions to both holders of Resolved Allowed Claims, as well as holders of GUC Trust Units. Because the amount of Excess GUC Trust Distributable Assets has not exceeded the Minimum Threshold for any quarter following the quarter ended September 30, 2011, due in principal part to the reserving, or setting-aside, of New GM Securities for the purposes of funding potential Taxes on Distribution as described below, no distributions have been made in respect of the GUC Trust Units since the quarterly distribution on October 28, 2011, other than the Special Excess Distribution (as defined below). Rather, other than the Special Excess Distribution, all such subsequent distributions have consisted solely of distributions to holders of newly Allowed General Unsecured Claims and holders of previously Allowed General Unsecured Claims who initially failed to fulfill the informational requirements set forth in the GUC Trust Agreement, but subsequently successfully fulfilled such requirements.

In respect of Allowed General Unsecured Claims aggregating $31,854 million at March 31, 2014, the GUC Trust has distributed, or was obligated to distribute, in the aggregate, 134,106,321 shares of New GM Common Stock, 121,914,975 of each series of New GM Warrants and 31,853,702 GUC Trust Units. See the table on page 32 for a summary of the activity in the New GM Securities and related Dividend Cash, that comprise the GUC Trust's distributable assets, including the numbers of New GM Securities distributed through or distributable as of March 31, 2014, as well as the numbers of New GM Securities and the amount of related Dividend Cash available for distribution to holders of GUC Trust Units as of March 31, 2014.

As discussed above, in addition to New GM Securities and Dividend Cash, the GUC Trust Agreement also provides for the distribution of beneficial interests in units, or GUC Trust Units, to holders of Allowed General Unsecured Claims in an amount equal to one GUC Trust Unit per $1,000 in Allowed General Unsecured Claims, subject to rounding under the GUC Trust Agreement. Each GUC Trust Unit represents the contingent right to receive, on a pro rata basis, a share of the Excess GUC Trust Distributable Assets. Pursuant to a No Action Letter received from the SEC on May 23, 2012 (the "No Action Letter"), the GUC Trust Units are currently issued in book-entry form only, represented by one or more global certificates registered in the name of the Depository Trust Company (which is referred to in this Form 10-K as DTC), as depositary, or Cede & Co., its nominee. See "Description of the GUC Trust Units" below for a more detailed discussion of the GUC Trust Units. As such, the GUC Trust Units are transferable in accordance with the procedures of DTC and its direct and indirect participants. The GUC Trust has issued additional GUC Trust Units, in transferable form, in connection with each of the quarterly distributions that occurred in respect of the fiscal quarter ended June 30, 2012 and thereafter. As of March 31, 2014, the total number of GUC Trust Units outstanding or issuable was 31,853,702.

The Plan prohibits the distribution of fractional New GM Securities in respect of Allowed General Unsecured Claims and GUC Trust Units. Cash distributions are made in lieu of fractional New GM Securities to beneficiaries of GUC Trust Units, subject to certain minimum cash distribution thresholds. In addition, the GUC Trust may distribute cash in lieu of New GM Securities to any governmental entity to the extent such governmental entity has requested a sale of such New GM Securities and demonstrated to the satisfaction of the GUC Trust Administrator that such governmental entity is precluded by applicable law from receiving distributions of New GM Securities. As a result, since the Effective Date, the GUC Trust has sold, exclusive of sales of New GM Securities to fund Wind-Down Costs and Reporting Costs as described above, an aggregate of 24,259 shares of New GM Common Stock and 22,174 of each series of New GM Warrants, realizing net proceeds of approximately $1.4 million. These sales occurred in the years ended March 31, 2014 and 2013 and proceeds from these sales were distributed to qualifying governmental entities or beneficiaries of GUC Trust Units, as applicable.

- Resolution of Disputed General Unsecured Claims

There were approximately $8,154 million in Disputed General Unsecured Claims as of the Effective Date. This amount reflects liquidated disputed claims and a Bankruptcy Court ordered reserve for unliquidated disputed claims, but does not include potential Term Loan Avoidance Action Claims. As of March 31, 2014, there were approximately $79.5 million in Disputed General Unsecured Claims, which reflects a decrease of approximately $8,074 million as compared to the amount of Disputed General Unsecured Claims existing on or around the Effective Date. See the table on page 31 for a summary of the status of the claims resolution process as of March 31, 2014.

The process of resolving Disputed General Unsecured Claims is generally administered by the GUC Trust through Trust Professionals it retains specifically for this purpose. If the GUC Trust Administrator files an objection to a Disputed General Unsecured Claim, certain claimants participate in alternative dispute resolution proceedings, including mediation and arbitration, or ADR Proceedings, to determine the validity of their claims. Such claimants may be entitled to a hearing before the Bankruptcy Court if their claims cannot be resolved through ADR Proceedings. Claimants that are not subject to ADR Proceedings are entitled to a hearing before the Bankruptcy Court to determine the validity of their claims. The GUC Trust Administrator also has the authority to settle Disputed General Unsecured Claims, in accordance with the terms and procedures set forth in the GUC Trust Agreement.

In an attempt to ensure that there are sufficient New GM Securities available to provide distributions to all holders of Resolved Allowed Claims as if such holders were holders of Initial Allowed General Unsecured Claims, the GUC Trust Agreement authorizes and directs the GUC Trust Administrator to withhold from distributions the number of New GM Securities that would be sufficient to satisfy all Disputed General Unsecured Claims and Term Loan Avoidance Action Claims in the event that such claims were allowed in full. To the extent that all or a portion of a Disputed General Unsecured Claim is disallowed by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding, if applicable, or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is disallowed will not be entitled to a distribution of such New GM Securities or beneficial interests in GUC Trust Units from the GUC Trust (subject to any appeal rights of the claimant). The portion of such New GM Securities reserved for the satisfaction of the disallowed claim will instead become Excess GUC Trust Distributable Assets available for distribution to beneficiaries of GUC Trust Units. To the extent that a Disputed General Unsecured Claim is fully resolved, and such resolution results in all or a portion of the original Disputed General Unsecured Claim being allowed by the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding, if applicable, or by settlement with the GUC Trust, such allowed portion of the Disputed General Unsecured Claim will be considered an Allowed General Unsecured Claim and the holder will be entitled to the distribution of New GM Securities and beneficial interests in GUC Trust Units from the GUC Trust corresponding to what the holder would have received had the claim been allowed as of the Effective Date.

In certain circumstances, holders of Resolved Allowed Claims and GUC Trust Units will receive from the GUC Trust cash in lieu of or in addition to New GM Securities. This will occur when New GM declares cash dividends on the New GM Common Stock held by the GUC Trust, in which case the holders of subsequently Resolved Allowed Claims and GUC Trust Units will receive the cash dividends that had been paid in respect of the shares of New GM Common Stock they receive. During March 2014, the GUC Trust received approximately $4.6 million in dividends on its holdings of New GM Common Stock. See "Statement of Changes in Net Assets in Liquidation" and "Net Assets in Liquidation" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below. Also, if the GUC Trust sells New GM Warrants that are about to expire, the holders of subsequent Resolved Allowed Claims and GUC Trust Units would receive the cash realized by the GUC Trust on the sale of the New GM Warrants that otherwise would have been distributed to them. Also, the GUC Trust may distribute cash in lieu of New GM Securities to any governmental entity to the extent such governmental entity has requested a sale of such New GM Securities and demonstrated to the satisfaction of the GUC Trust Administrator that such governmental entity is precluded by applicable law from receiving distributions of New GM Securities. Finally the GUC Trust may distribute cash in lieu of fractional New GM Securities in any distribution of Excess GUC Trust Distributable Assets, subject to any distribution rules or rounding under the Plan, the GUC Trust Agreement and/or the rules of any applicable clearing system. For each $1,000 in amount of Allowed General Unsecured

Claims (including Resolved Allowed Claims), each holder of such claim is currently (following the Special Excess Distribution) entitled to receive (upon delivery of any information required by the GUC Trust) approximately 4.19 shares of New GM Common Stock (and related Dividend Cash) and approximately 3.81 warrants of each series of New GM Warrants, as well as one GUC Trust Unit, subject in each case to rounding under the Plan, the GUC Trust Agreement and/or the rules of any applicable clearing system and exclusive of any securities received, or to be received, in respect of GUC Trust Units.

- Resolution and Satisfaction of Residual Wind-Down Claims

In accordance with the Plan, each of the Debtors was dissolved on or prior to the Dissolution Date. Upon the dissolution of MLC, the New GM Securities and certain remaining cash assets of MLC were transferred to the GUC Trust and the GUC Trust assumed responsibility for the wind-down of the Debtors. This includes monitoring and enforcing the implementation of the Plan as it relates to the wind-down, paying taxes and filing tax returns, making any other necessary filings related to the wind-down and taking any other actions necessary or appropriate to wind-down the Debtors and obtain an order, or orders, closing the chapter 11 cases of the Debtors. The GUC Trust is also responsible for resolving and satisfying (to the extent allowed) all remaining disputed Residual Wind-Down Claims.

Under the Plan, the Debtors were directed to transfer to the GUC Trust assets in an amount sufficient, based upon the Debtors' reasonable estimate, to satisfy the ultimate allowed amount of the Residual Wind-Down Claims, or the Residual Wind-Down Assets, including the costs, fees and expenses related to satisfying and resolving the Residual Wind-Down Claims, or the Residual Wind-Down Costs. On the Dissolution Date, MLC transferred approximately $42.8 million in Residual Wind-Down Assets to the GUC Trust (which amount consisted of approximately $40.0 million in cash (including approximately $1.4 million for the payment of Avoidance Action Defense Costs) and the transferred benefit of approximately $2.8 million in prepaid expenses. Based on the Debtors' estimate of the amount necessary to satisfy the ultimate allowed amount of the Residual Wind-Down Claims, the GUC Trust Administrator established a reserve for Residual Wind-Down Claims of approximately $33.8 million relating to approximately $246.2 million in Residual Wind-Down Claims (which amount was increased to $248.9 million by additional Residual Wind-Down Claims arising subsequent thereto). In addition, the GUC Trust increased its reserve for liquidation costs by approximately $9.0 million for Residual Wind-Down Costs associated with these obligations and Avoidance Action Defense Costs. Since the Dissolution Date, the GUC Trust has resolved approximately $235.8 million in disputed Residual Wind-Down Claims, allowing $7.3 million, while disallowing $228.5 million.

As of March 31, 2014, the remaining Residual Wind-Down Claims totaled approximately $13.1 million, subject to increase for new Residual Wind-Down Claims that are expected to arise with respect to Avoidance Action Defense Costs, as described below. In comparison, the reserve for Residual Wind-Down Claims and the remaining Residual Wind-Down Assets totaled $28.7 million and $30.5 million, respectively. The GUC Trust Administrator has objected to, or intends to object to, substantially all of the remaining Residual Wind-Down Claims that are not consensually resolved. The Residual Wind-Down Assets aggregating $30.5 million as of March 31, 2014 are recorded in cash and cash equivalents, marketable securities, and other assets and deposits in the accompanying Statement of Net Assets in Liquidation at March 31, 2014. A corresponding amount, in the aggregate, is recorded in the reserve for Residual Wind-Down Claims, reserves for expected costs of liquidation and accounts payable and accrued liabilities in the Statement of Net Assets in Liquidation at March 31, 2014.

The amount of Avoidance Action Defense Costs incurred to date exceeds the corresponding cash of $1.4 million received by the GUC Trust from MLC on the Dissolution Date by approximately $0.7 million. As a result, new Residual Wind-Down Claims have arisen in the amount of such excess. The Term Loan Avoidance Action is currently pending before the U.S. Court of Appeals for the Second Circuit, and it is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise, to be paid from the remaining Residual Wind-Down Assets and, following the depletion of such assets, Other Administrative Cash or the sale of New GM Securities.

Should the ultimate allowed amount of Residual Wind-Down Claims and the Residual Wind-Down Costs be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If the Residual Wind-Down Assets are not adequate to satisfy the Residual Wind-Down Claims and/or the Residual Wind-Down Costs, such deficiency will be satisfied by any remaining Other Administrative Cash designated by the GUC Trust Administrator for such purposes. If there is no remaining Other Administrative Cash designated for such purposes, the GUC Trust Administrator is authorized, with GUC Trust Monitor approval, to reserve and, with Bankruptcy Court approval, sell New GM Securities to cover the shortfall. To the extent that New GM Securities are reserved and sold to obtain funding to complete the wind-down of the Debtors or satisfy Residual Wind-Down Claims, such securities will not be available for distribution to the beneficiaries of the GUC Trust. Therefore, the amount of Residual Wind-Down Claims and Residual Wind-Down Costs could reduce the assets of the GUC Trust available for distribution. After the GUC Trust has concluded its affairs, any funds remaining that were obtained from New GM Securities sold to fund the resolution of Residual Wind-Down Claims or the distribution of Residual Wind-Down Assets (including any related Dividend Cash) will be distributed to the beneficiaries of the GUC Trust Units.

- Administrative Structure and Responsibilities of the GUC Trust

The GUC Trust has no officers, directors or employees. The GUC Trust is administered by the GUC Trust Administrator, which is authorized by the GUC Trust Agreement to engage Trust Professionals to assist the GUC Trust Administrator in the administration of the GUC Trust. The GUC Trust Administrator is authorized by the GUC Trust Agreement to retain, pay, oversee, direct the services of, and (subject to GUC Trust Monitor approval) terminate Trust Professionals, to assist in the administration of the GUC Trust, particularly in connection with the claims resolution process, the preparation of financial statements, and the GUC Trust's record keeping and reporting functions. The GUC Trust and GUC Trust Administrator rely solely on receiving accurate information, reports and other representations from (i) the Trust Professionals, (ii) the GUC Trust Monitor, and (iii) other service providers to the GUC Trust. In filing this Form 10-K and executing any related documentation on behalf of the GUC Trust, the GUC Trust Administrator has relied upon the accuracy of such reports, information and representations. Notwithstanding such reliance, the GUC Trust Administrator is ultimately responsible for the disclosure provided in this Form 10-K. In addition to issuing GUC Trust Units and making distributions of New GM Securities to holders of Allowed General Unsecured Claims, the GUC Trust is also responsible for the administrative tasks that are incidental to the resolution and, to the extent they are allowed, satisfaction of Disputed General Unsecured Claims remaining against the Debtors as of the Effective Date.

The GUC Trust Monitor was appointed for the purpose of overseeing the activities of the GUC Trust Administrator. Pursuant to the GUC Trust Agreement, the GUC Trust Administrator is required to obtain the approval of the GUC Trust Monitor for a variety of actions, including but not limited to: preparation of budgets; reserving New GM Securities for the purposes of satisfying fees, costs and expenses of the GUC Trust (including Taxes on Distribution and Dividend Taxes (as defined below)); the sale of New GM Securities to satisfy Taxes on Distribution; the incurrence of any cost or expense in excess of 10% of any line item in the Budget measured on a yearly basis (except to the extent such cost or expense is approved by the Bankruptcy Court); settling Disputed General Unsecured Claims in excess of $10.0 million; the retention or termination of Trust Professionals; and amendments to the GUC Trust Agreement.

As discussed above, the GUC Trust was initially provided with the Administrative Fund by MLC for the purposes of paying Wind-Down Costs. The Administrative Fund was created with cash provided to MLC by the DIP Lenders. It is fixed in amount and payments from the Administrative Fund are made in accordance with the Budget. The principal expenses of the GUC Trust in connection with the Administrative Fund are professional, advisory and administrative fees of the legal and financial advisors of the GUC Trust and the GUC Trust Administrator and the GUC Trust Monitor. The GUC Trust has no income other than income on permitted investments of cash prescribed by the GUC Trust Agreement.

As of March 31, 2014, approximately $11.6 million remained in the Administrative Fund and is recorded in cash and cash equivalents and marketable securities (aggregating $10.6 million) and prepaid and other assets (approximating $1.0 million) in the Statement of Net Assets in Liquidation. Of that amount of $11.6 million, approximately $8.0 million has been separately designated for the satisfaction of certain costs and liabilities of the GUC Trust (other than Reporting Costs) and $3.6 million is available for other Wind-Down Costs, which funds must be exhausted prior to the use of any Other Administrative Cash for such purposes. If there is cash remaining in the Administrative Fund after the GUC Trust has concluded its affairs, the remaining cash will be returned to the DIP Lenders. If the GUC Trust Administrator determines that (i) the Administrative Fund is not sufficient to satisfy the current or projected Wind-Down Costs (including Dividend Taxes), (ii) the Reporting and Transfer Cash is not sufficient to satisfy the current or projected Reporting Costs, or (iii) the GUC Trust is required to fund Taxes on Distribution, the GUC Trust Administrator, with the approval of the GUC Trust Monitor, is authorized to reserve New GM Securities for these purposes. The GUC Trust Administrator may then liquidate such reserved New GM Securities to fund these costs and expenses, with the required approval of the Bankruptcy Court (other than with respect to sales of New GM Securities for the purposes of funding Taxes on Distribution, pursuant to which only GUC Trust Monitor approval is required), and the proceeds from such liquidations of New GM Securities constitute part of the Other Administrative Cash.

New GM Securities that are reserved or sold in the manner described above will not be available for distribution to the beneficiaries of GUC Trust Units. As such, increased Wind-Down Costs (including Dividend Taxes), Reporting Costs and/or Taxes on Distribution could reduce the GUC Trust's otherwise distributable assets. To the extent that any reserved New GM Securities, or funds remaining from the sale of reserved New GM Securities, are not ultimately required and are held by the GUC Trust at the time of its dissolution, such remaining New GM Securities and funds, including the Other Administrative Cash, will be distributed by the GUC Trust to the holders of the GUC Trust Units.

Other than for the matters described above and in "—Resolution and Satisfaction of Residual Wind-Down Claims," and matters that are incidental to them, the GUC Trust does not and will not engage in any business activities. In particular, the GUC Trust does not and will not engage in any trade or business.

Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock

The GUC Trust incurs income tax liabilities on any net capital gains realized upon the distribution of New GM Securities to holders of Allowed General Unsecured Claims or GUC Trust Units or by sale of New GM Securities (unless such net capital gains are offset by deductible expenses and accumulated net operating losses), which are referred to as Taxes on Distribution. The GUC Trust also incurs income tax liabilities on interest income and dividends received on New GM Common Stock held by the GUC Trust (such income tax liabilities on dividends received on New GM Common Stock are referred to as Dividend Taxes). The GUC Trust records any current taxes payable from such realized net gains and interest and dividends (net of deductible operating losses) and a deferred tax liability at the end of each quarter for all of the New GM Securities that it then holds, where the market prices of such New GM Securities exceed their tax basis. For the years ended March 31, 2014 and 2013, the amount of such deferred tax liability recorded is equal to the GUC Trust's statutory rate of 39.6% applied to the excess of the market value of the New GM Securities over their tax basis. Where the market prices of the New GM Securities held at quarter end are less than their tax basis, a deferred tax asset with a corresponding valuation allowance is recorded, resulting in no net deferred tax asset at such quarter end. A full valuation allowance is recorded under such circumstances, because realization of the deferred tax asset is uncertain (in that it is dependent upon the generation of taxable gains upon the sale or distribution of New GM Securities in the future, which is not determinable prior to occurrence, or upon the receipt of future dividends on the GUC Trust holdings of New GM Common Stock, for which a reasonable basis for estimation does not exist at this time). Because the amount of any deferred tax liability recorded at any quarter end is largely dependent upon the market prices of the New GM Securities held at such quarter end, fluctuations in such market prices will result in fluctuations in the deferred tax liability recorded in the Statement of Net Assets in Liquidation and in the income tax provision or benefit recorded in the Statement of Changes in Net Assets in Liquidation for such quarter. See "Critical Accounting Policies and Estimates—Income Taxes" and "Statement of Changes in Net Assets in Liquidation" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below.

Upon the dissolution and winding up of MLC on the Dissolution Date, record ownership of all undistributed New GM Securities was transferred to the GUC Trust. Using the value of the New GM Securities as of that date, the tax basis per share or warrant of the New GM Securities on the Dissolution Date was $19.87 for the New GM Common Stock, $11.38 for the New GM Series A Warrants and $7.88 for the New GM Series B Warrants. Prior to the year ended March 31, 2013, such tax basis was used in the Company's U.S. federal income tax return to determine the taxable gain or loss on the disposition of New GM Securities since their transfer. As described in Note 9, "Income Tax Benefit (Provision)" to the financial statements, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. As a result, a tax benefit was recognized because the GUC Trust believed, based on the available evidence and consultation with GUC Trust professionals, that it was more likely than not that the new tax position in the amounts to be reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Subsequently, the GUC Trust filed its U.S. federal income tax returns for the year ended March 31, 2013 with the Internal Revenue Service using the new tax position. Although the GUC Trust's federal income tax returns for the years ended March 31, 2012 and 2013 are no longer subject to examination by the Internal Revenue Service as a result of the application of Section 505(b) of the Bankruptcy Code, this new tax position, as of the date hereof, has not been sustained on examination by the Internal Revenue Service. Accordingly, capital loss carryovers generated in the years ended March 31, 2012 and 2013, from the new tax position, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

The GUC Trust Administrator reevaluates, on a quarterly basis, the numbers of New GM Securities to be set aside from distribution to fund potential Taxes on Distribution. New GM Securities set aside from distribution are placed in reserve and, to the extent sold, the proceeds thereof constitute Other Administrative Cash. This determination is made on a basis different than that used to calculate deferred tax liabilities for financial statement purposes, as described above. The current methodology for calculating such set asides estimates potential Taxes on Distribution by applying the applicable U.S. federal income tax rate to estimates of potential capital gains, which are arrived at by comparing the highest closing price for the New GM Securities since December 15, 2011, against the tax basis of the New GM Securities on December 15, 2011 (as determined based on the date of transfer of record ownership of the New GM Securities). The set aside calculation methodology then converts the estimate of potential Taxes on Distribution into the numbers of New GM Securities to be set aside from distribution by dividing such estimate by the trailing twelve month average closing prices for the New GM Securities. By contrast, in calculating deferred tax liabilities for purposes of financial reporting, under applicable generally accepted accounting principles, the GUC Trust calculates estimated capital gains as the difference between (a) the tax basis of the New GM Securities for financial reporting purposes and (b) the closing price of such New GM Securities as of the last trading date of the most recent fiscal quarter. As described above, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on dates other than December 15, 2011. Because the new tax position has not yet been sustained on examination by the Internal Revenue Service, however, as a conservative measure, the GUC Trust Administrator has determined not to revise the "set aside" calculation methodology described above unless and until the new tax position has been sustained on examination by the Internal Revenue Service, or the liability of the GUC Trust for Taxes on Distribution has been finally determined in accordance with Section 505(b) of the Bankruptcy Code, for all applicable income tax returns, including the GUC Trust's U.S. federal income tax returns for the year ended March 31, 2014 and subsequent years.

The GUC Trust also reevaluates, on a quarterly basis, the number of New GM Securities to be set aside from distribution to fund projected Dividend Taxes, as part of its evaluation of the numbers of New GM Securities necessary to fund projected liquidation and administrative costs of the GUC Trust. This determination is made on a basis different than that used to calculate reserves for financial statement purposes. The current methodology for calculating such set asides converts estimates of projected Dividend Taxes into the number of New GM Securities to be set aside from distribution by dividing such estimates by the trailing twelve month average closing prices for the New GM Securities. Currently, the GUC Trust has only set aside New GM Securities in numbers sufficient to cover dividends actually received or declared by New GM. However, the GUC Trust Administrator reserves the right to increase or decrease the set aside for Wind-Down Costs in numbers sufficient to cover all estimated Dividend Taxes associated with all then anticipated potential future dividends, which could significantly impact the numbers of New GM Securities required to be set aside for such purposes.

For additional information, see "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below.

Term Loan Avoidance Action

On July 31, 2009, the Committee commenced a legal action against certain prepetition lenders of the Debtors, styled as Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al. (Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009)), which is referred to as the Term Loan Avoidance Action. The Term Loan Avoidance Action seeks the return to a trust established for the purpose of holding and prosecuting the Term Loan Avoidance Action, or the Avoidance Action Trust, of approximately $1.5 billion that had been transferred to a consortium of prepetition lenders of the Debtors, pursuant to the court order approving the debtor-in-possession loans made by the DIP Lenders to MLC. On the Dissolution Date, the Term Loan Avoidance Action was transferred to the Avoidance Action Trust. The rights to substantially all of the recoveries on the Term Loan Avoidance Action through the Avoidance Action Trust, if any, are currently under dispute, with both the DIP Lenders and the Committee, on behalf of the holders of Allowed General Unsecured Claims, claiming to be the proper beneficiaries of such proceeds. If the DIP Lenders are deemed to be proper beneficiaries of the proceeds of the Term Loan Avoidance Action, then the bulk of any amounts reclaimed from prepetition lenders will be distributed to the DIP Lenders; and if the Committee, on behalf of the holders of Allowed General Unsecured Claims, are deemed to be proper beneficiaries of the proceeds of the Term Loan Avoidance Action, then the bulk of any amounts reclaimed from prepetition lenders will be distributed directly to the holders of Allowed General Unsecured Claims. Accordingly, regardless of the outcome of such proceedings, in no event will any amounts reclaimed from the prepetition lenders be transferred to the GUC Trust, and no such amounts will be distributed to holders of GUC Trust Units in respect of such GUC Trust Units.

If Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust, which we refer to as the Avoidance Action Trust Administrator, is successful in its prosecution of the Term Loan Avoidance Action, any amounts recovered by the Avoidance Action Trust will, pursuant to the Plan, give rise to Allowed General Unsecured Claims on behalf of the prepetition lenders from which such amounts were recovered (as beneficiaries of the GUC Trust), which we also refer to as Term Loan Avoidance Action Claims. (As used in this Form 10-K, the amounts of "Disputed General Unsecured Claims" do not include any potential Term Loan Avoidance Action Claims.) Unless and until Term Loan Avoidance Action Claims arise, the potential holders of such claims will not be entitled to receive a distribution from the GUC Trust. However, if and to the extent that such Term Loan Avoidance Action Claims do arise, the holders of such claims will be entitled to receive a distribution from the GUC Trust. As noted above, in no event will any funds reclaimed from the prepetition lenders be transferred to the GUC Trust or be distributed to holders of GUC Trust Units in respect of such GUC Trust Units. Accordingly, in the event of the successful prosecution of the Term Loan Avoidance Action by the Avoidance Action Trust, a holder of a GUC Trust Unit that does not hold a corresponding Allowed General Unsecured Claim (because such holder received the GUC Trust Unit as a subsequent transferee and not in a direct distribution from the GUC Trust in satisfaction of an Allowed General Unsecured Claim) will potentially have its recovery diluted through the incurrence of Term Loan Avoidance Action Claims by the GUC Trust, without receiving the benefit of any cash recovered pursuant to the Term Loan Avoidance Action. Moreover, because the ownership of the beneficial interests in the Avoidance Action Trust is currently under dispute, even a holder of a GUC Trust Unit that also holds a corresponding Allowed General Unsecured Claim may not benefit from any funds recovered under the Term Loan Avoidance Action.

Pursuant to the Plan, the GUC Trust is obligated to satisfy certain Term Loan Avoidance Action litigation costs, as described under the heading "The GUC Trust Assets" above, subject to the right of the GUC Trust to seek disgorgement in accordance with the terms of the Plan, which litigation costs we refer to as Avoidance Action Defense Costs. As described under the heading "Functions and Responsibilities of the GUC Trust—Resolution and Satisfaction of Residual Wind-Down Claims" above, the amount of Avoidance Action Defense Costs incurred to date exceeds the amount of Residual Wind-Down Assets received from MLC which was designated for this purpose by approximately $0.7 million. As a result, new Residual Wind-Down Claims have arisen in the amount of such excess. The Term Loan Avoidance Action is currently pending before the U.S. Court of Appeals for the Second Circuit, and it is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise, to be paid from the other remaining Residual Wind-Down Assets and, following the depletion of such assets, Other Administrative Cash or the sale of New GM Securities.

For additional information about the Term Loan Avoidance Action, see "Term Loan Avoidance Action" in Item 3 ("Legal Proceedings") below.

Nova Scotia Settlement

On October 21, 2013, the Bankruptcy Court entered an order (the "Nova Scotia Order") approving a settlement agreement (the "Nova Scotia Settlement") relating to claims arising from the 8.375% guaranteed notes due December 7, 2015 and the 8.875% guaranteed notes due July 10, 2023, in each case issued in 2003 by General Motors Nova Scotia Finance Company (the "Nova Scotia Claims"). Pursuant to the Settlement Agreement, the Nova Scotia Claims were reduced and allowed in an aggregate amount of $1.55 billion. As a result, on or about December 2, 2013, in accordance with the Nova Scotia Settlement and the Nova Scotia Order, the GUC Trust made a distribution solely to holders of the allowed Nova Scotia Claims, consisting of, in the aggregate, 6,174,015 shares of New GM Common Stock, 5,612,741 New GM Series A Warrants, 5,612,741 New GM Series B Warrants, and 1,550,000 GUC Trust Units (the "Special Nova Scotia Distribution"). In addition, on or about December 23, 2013, in accordance with the Nova Scotia Settlement and the Nova Scotia Order, the GUC Trust made a special distribution of Excess GUC Trust Distributable Assets to all holders of GUC Trust Units, consisting of 6,735,070 shares of New GM Common Stock, 6,122,789 New GM Series A Warrants, and 6,122,789 New GM Series B Warrants (the "Special Excess Distribution").

Dissolution of the GUC Trust

The GUC Trust had an initial stated term of three years from the Effective Date (ending on March 31, 2014). On February 6, 2014, the Bankruptcy Court entered an order extending the duration of the GUC Trust to March 31, 2015. The GUC Trust Administrator can apply to the Bankruptcy Court for a shorter or longer term in order to resolve all Disputed General Unsecured Claims and Term Loan Avoidance Action Claims or to complete the resolution of the Residual Wind-Down Claims and the distribution of any remaining assets of the Debtors. It is currently anticipated that the GUC Trust will be required to seek approval to extend its term, because, although it is uncertain at this time, it is anticipated that the distribution of assets and wind-down will not be completed prior to March 31, 2015.

If, as of the final distribution date, any GUC Trust Units remain undistributed, such GUC Trust Units will be deemed cancelled and will cease to be outstanding. If, as of the final distribution date, any New GM Securities, proceeds therefrom, or distributions thereon (including any related Dividend Cash) remain undistributed, any such assets will be distributed pro rata to the beneficiaries of the GUC Trust Units then outstanding on the final distribution date to the extent permitted by law, and to the extent not so permitted, will otherwise be disposed of in accordance with applicable law.

Fiscal Year

The GUC Trust's fiscal year begins on April 1 and ends on the following March 31. Since the GUC Trust was created on March 30, 2011 and the Effective Date of the Plan was March 31, 2011, for financial reporting purposes, the GUC Trust was assumed to have been established as of April 1, 2011 and received its initial funding on or about April 1, 2011.

Availability of Information Relating to the GUC Trust and New GM

The GUC Trust files annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K with the SEC. In addition, the GUC Trust files quarterly reports pursuant to the requirements of the GUC Trust Agreement, or GUC Trust Reports, with the Bankruptcy Court and also files these reports under cover of Form 8-K with the SEC. The GUC Trust Agreement, related documentation and all information filed with the Bankruptcy Court by the GUC Trust Administrator, including the GUC Trust Reports, can be accessed free of charge on the GUC Trust website at www.mlcguctrust.com, and the GUC Trust's filings with the SEC can be accessed free of charge at www.sec.gov. In addition, New GM's filings with the SEC can be accessed free of charge at http://investor.gm.com/sec-filings and www.sec.gov. See "Recent Trading Prices of New GM Securities" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below for certain information relating to the recent trading prices of the New GM Securities."

Description of the GUC Trust Units

The following summary of the GUC Trust Units is not intended to be complete and is subject to, and qualified in its entirety by reference to, the GUC Trust Agreement, as amended, and the Delaware Act. You should read the GUC Trust Agreement, as amended, which is filed as an exhibit to this annual report on Form 10-K, for additional information.

The GUC Trust Agreement provides for the distribution of GUC Trust Units for the benefit of creditors holding Allowed General Unsecured Claims, in an amount equal to one GUC Trust Unit per $1,000 in Allowed General Unsecured Claims, subject to rounding under the GUC Trust Agreement. Each GUC Trust Unit represents the contingent right to receive, on a pro rata basis, a share of the Excess GUC Trust Distributable Assets. If a Disputed General Unsecured Claim becomes an Allowed General Unsecured Claim, the holder of that claim will receive the New GM Securities (including the related Dividend Cash) and the GUC Trust Units corresponding to what the holder would have received had the claim been allowed as of the Effective Date. To the extent all or portion of a Disputed General Unsecured Claim is ultimately disallowed, the New GM Securities reserved for that claim or such disallowed portion of that claim will become excess assets of the GUC Trust available for distribution to beneficiaries of GUC Trust Units.

- Book-Entry Only Issuance – The Depository Trust Company

The GUC Trust Units are book-entry form only, represented by one or more global certificates registered in the name of DTC, as depository, or Cede & Co., its nominee, for so long as DTC is willing to act in that capacity. Wilmington Trust Company, or its designated affiliate, is currently acting as registrar and transfer agent for the GUC Trust Units, and facilitates the issuance of the GUC Trust Units through the DTC participant system (as necessary). Beneficiaries of GUC Trust Units do not receive physical certificates for their GUC Trust Units, and beneficial interests in the GUC Trust Units are not directly registered on the books and records of the GUC Trust Administrator. The aggregate number of GUC Trust Units issued thereunder may from time to time be increased by adjustments made on the records of the GUC Trust and a corresponding increase in the number of GUC Trust Units evidenced by such global certificate (as specified in the schedule included as part of the global certificate in respect of such additional GUC Trust Units).

- Transferability of the GUC Trust Units

The GUC Trust Units are currently transferable in accordance with the procedures of DTC and its direct and indirect participants. However, in the event that DTC is unwilling or unable to continue as a depositary for the GUC Trust Units, the GUC Trust Agreement provides that the GUC Trust Administrator shall exchange the transferable GUC Trust Units for definitive certificates.

- Designation of a DTC Participant and Other Required Actions

In order to receive a distribution from the GUC Trust of New GM Securities or GUC Trust Units, holders of Allowed General Unsecured Claims (other than holders of Note Claims and Eurobond Claims, each as defined in the GUC Trust Agreement) must designate a direct or indirect participant in DTC with whom such holder has an account and take such other ministerial actions (i) as specifically stated in Exhibit B to the GUC Trust Agreement and (ii) as the GUC Trust Administrator will from time to time reasonably require by written communication to the holders of such Allowed General Unsecured Claims. With respect to holders of Note Claims and Eurobond Claims, the GUC Trust has issued New GM Securities and GUC Trust Units to such holders in accordance with the procedures of DTC and its participants.

If and so long as a holder of an Allowed General Unsecured Claim (other than the holders of Note Claims and Eurobond Claims) does not designate a direct or indirect participant in DTC and take the required actions described above, the GUC Trust Administrator will hold the New GM Securities, including the related Dividend Cash, and GUC Trust Units such holder is otherwise entitled to receive, together with any Excess GUC Trust Distributable Assets distributed in respect of the GUC Trust Units, until such time as such holder complies with the requirements. At any time following the date on which a holder of an Allowed General Unsecured Claim complies in full with the requirements, but in any event, as soon as practicable following the beginning of the calendar quarter next following such date, the GUC Trust Administrator will distribute to such holder the New GM Securities (including the related Dividend Cash) and GUC Trust Units and any distributions thereon to which such holder is entitled. However, if a holder has not complied with the requirements prior to the final distribution date, then (i) such holder will be deemed to have forfeited any entitlement to such New GM Securities or other distributions, which will become Excess GUC Trust Distributable Assets of the GUC Trust, (ii) the GUC Trust Units otherwise distributable to such holder will be deemed cancelled and not outstanding, and (iii) New GM Securities otherwise distributable to such holder will be distributed as Excess GUC Trust Distributable Assets pro rata to all beneficiaries of GUC Trust Units then outstanding on the final distribution date.

- Voting Rights

A GUC Trust Unit beneficiary has no title or right to, or possession, management, or control of, the GUC Trust or the GUC Trust assets, or to any right to demand a partition or division of such assets or to require an accounting of the GUC Trust Administrator or the GUC Trust Monitor. The whole legal title to the GUC Trust assets is vested in the GUC Trust as a separate legal entity under the Delaware Act and the sole beneficial interest of the GUC Trust Unit beneficiaries are as set forth in the GUC Trust Agreement.

Beneficiaries of GUC Trust Units do not have the right to vote or participate in the administration of the GUC Trust. They have no right to appoint or remove the GUC Trust Monitor or the GUC Trust Administrator, although in certain circumstances they may petition the Bankruptcy Court for these purposes. Beneficiaries of a majority of GUC Trust Units may at any time petition the Bankruptcy Court for the removal of the GUC Trust Administrator or for the removal of the GUC Trust Monitor, but only for good cause shown. In determining whether the beneficiaries of a majority of the GUC Trust Units have concurred in any such petition, GUC Trust Units held by the GUC Trust Administrator or the GUC Trust Monitor or any of their respective affiliates will be disregarded.

- Potential Effects on the Rights of Beneficiaries of GUC Trust Units

If the GUC Trust Administrator determines that (i) the Administrative Fund is not sufficient to satisfy the current or projected Wind-Down Costs (including Dividend Taxes), (ii) the Reporting and Transfer Cash is not sufficient to satisfy the current or projected Reporting Costs, or (iii) that the GUC Trust is projected to fund current or potential Taxes on Distribution, the GUC Trust Administrator, with the approval of the GUC Trust Monitor, is authorized to reserve New GM Securities for these purposes. The GUC Trust Administrator may then liquidate such reserved New GM Securities to fund these costs and expenses, with the required approval of the Bankruptcy Court (other than with respect to sales of New GM Securities for the purposes of funding Taxes on Distribution, pursuant to which only GUC Trust Monitor approval is required), and the proceeds from such liquidations of New GM Securities (including the related Dividend Cash) will constitute part of the Other Administrative Cash. New GM Securities that are reserved or sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units. Therefore, any additional costs or Taxes on Distribution will reduce the assets available for distribution to beneficiaries of GUC Trust Units. After the GUC Trust has concluded its affairs, any remaining reserved New GM Securities, or funds that were obtained from the New GM Securities sold to fund costs and expenses of the GUC Trust, in each case including the related Dividend Cash will be distributed to the beneficiaries of the GUC Trust Units.

In addition, if the GUC Trust Administrator determines that the Residual Wind-Down Assets are not adequate to satisfy the Residual Wind-Down Claims and/or the Residual Wind-Down Costs (and there is no remaining Other Administrative Cash designated to satisfy such claims or expenses), the GUC Trust Administrator is authorized to, with GUC Trust Monitor approval, reserve and, with Bankruptcy Court approval, sell New GM Securities to cover the shortfall. The cash raised by any such sales will be added to the Other Administrative Cash, which will be used for the payment of the Residual Wind-Down Claims and Residual Wind-Down Costs. To the extent that New GM Securities are reserved and sold to obtain funding to complete the wind-down of the Debtors or satisfy Residual Wind-Down Claims, such New GM Securities will not be available for distribution to the beneficiaries of the GUC Trust. Therefore, the amount of Residual Wind-Down Claims and Residual Wind-Down Costs could reduce the assets of the GUC Trust available for distribution to beneficiaries of GUC Trust Units. After the GUC Trust has concluded its affairs, any remaining reserved New GM Securities, or funds that were obtained from New GM Securities sold to fund the resolution of Residual Wind-Down Claims or the distribution of Residual Wind-Down Assets, in each case including the related Dividend Cash will be distributed to the beneficiaries of the GUC Trust Units.

- Liquidation Distribution Upon Dissolution

The GUC Trust had an initial stated term of three years from the Effective Date, which has been extended by the Bankruptcy Court to March 31, 2015. The duration of the GUC Trust may be again extended upon application to and approval of the Bankruptcy Court as necessary to complete the claims resolution process and the wind-down of the Debtors. The GUC Trust will remain under the jurisdiction of the Bankruptcy Court throughout the term of its existence.

If, at the time of the Final Distribution Date (as defined in the GUC Trust Agreement), any Excess GUC Trust Distributable Assets or GUC Trust Units remain in the GUC Trust, then (i) any such GUC Trust Units will be deemed cancelled and will cease to be outstanding, and (ii) to the extent permitted by law, any such Excess GUC Trust Distributable Assets will be distributed pro rata to all beneficiaries of the GUC Trust Units then outstanding on the Final Distribution Date, and, to the extent not so permitted, will otherwise be disposed of in accordance with applicable law.

- Governing Law

The GUC Trust Agreement is governed by and construed in accordance with the laws of the State of Delaware without giving effect to rules governing conflicts of laws.

Glossary of Defined Terms

"363 Transaction" means the transaction in which NGMCO, Inc. (now New GM) acquired substantially all of the assets and assumed certain liabilities of the Debtors pursuant to and subject to the terms of the MSPA.

"ADR Proceedings" means alternative dispute resolution proceedings, including mediation and arbitration.

"Administrative Fund" means the cash contributed to the GUC Trust to be held and maintained by the GUC Trust Administrator for the purpose of paying the Wind-Down Costs.

"Allowed General Unsecured Claims" means the general unsecured claims against the Debtors that are allowed at any given time.

"Avoidance Action Defense Costs" means certain costs, fees and expenses which the GUC Trust is obligated to satisfy relating to defending the Term Loan Avoidance Action, subject to the right of the GUC Trust to seek disgorgement in accordance with the terms of the Plan.

"Avoidance Action Trust" means the trust established under the Plan for the purpose of holding and prosecuting the Term Loan Avoidance Action.

"Avoidance Action Trust Administrator" means Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust.

"Bankruptcy Code" means title 11 of the United States Code.

"Bankruptcy Court" means the United States Bankruptcy Court for the Southern District of New York.

"Bar Date Order" means the order entered by the Bankruptcy Court on September 16, 2009, setting November 30, 2009, as the bar date for filing proofs of claims related to all general unsecured claims against Old GM and, following the passage of the effective date of the Plan, the GUC Trust.

"Closing Date" means July 10, 2009, the date on which the sale of substantially all of the assets of Old GM pursuant to the MSPA was completed.

"Committee" means the Official Committee of Unsecured Creditors of the Debtors appointed by the Office of the United States Trustee in the chapter 11 cases of the Debtors.

"Committee Summary Judgment Motion" means the Motion of Official Committee of Unsecured Creditors for Partial Summary Judgment (Docket No. 24) filed by the Committee on July 1, 2010, seeking a ruling in favor of the Committee with respect to the Term Loan Avoidance Action.

"Confirmation Date" means March 29, 2011, the date that the Bankruptcy Court entered the Confirmation Order.

"Confirmation Order" means the order entered by the Bankruptcy Court on March 29, 2011 confirming the Plan.

"Cross-Motions for Summary Judgment" means the Committee Summary Judgment Motion and the JPMorgan Summary Judgment Motion.

"Debtors" means MLC and its affiliated debtors and debtors-in-possession.

"Delaware Act" means the Delaware Statutory Trust Act, as amended.

"DIP Credit Agreement" means the Debtor-In-Possession Credit Agreement, dated as of July 10, 2009, by and among MLC, as borrower, the guarantors named therein, the U.S. Treasury, as lender, and the Governments of Canada and Ontario, through Export Development Canada, as lenders.

"DIP Lenders" means the United States Department of Treasury and the Governments of Canada and Ontario, through Export Development Canada.

"Disputed General Unsecured Claims" means the general unsecured claims against the Debtors that are disputed at a given time and does not include any potential Term Loan Avoidance Action Claims.

"Dissolution Date" means December 15, 2011, the date that MLC filed a Certificate of Dissolution with the Secretary of State of Delaware and was dissolved.

"Dividend Cash" means the amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust.

"Dividend Taxes" means federal income taxes incurred in respect of dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust.

"DTC" means the Depository Trust Company.

"Effective Date" means March 31, 2011, the date that the Plan became effective.

"Excess GUC Trust Distributable Assets" means (i) New GM Securities and Dividend Cash associated with such New GM Securities (only if and to the extent such New GM Securities (a) are not required for the satisfaction of new Allowed General Unsecured Claims and (b) have not been set aside from distribution to fund projected liquidation and administrative costs, Dividend Taxes or Taxes on Distribution of the GUC Trust) and (ii) Other Administrative Cash available, if any, for distribution to the holders of GUC Trust Units.

"GUC Trust" means the Motors Liquidation Company GUC Trust.

"GUC Trust Administrator" means Wilmington Trust Company, not in its individual capacity but solely in its capacity as trust administrator and trustee of the GUC Trust.

"GUC Trust Agreement" means the Amended and Restated Motors Liquidation Company GUC Trust Agreement, dated as of June 11, 2012, as subsequently amended.

"GUC Trust Monitor" means FTI Consulting, Inc., solely in its capacity as trust monitor of the GUC Trust.

"GUC Trust Reports" means the quarterly reports filed by the GUC Trust with the Bankruptcy Court pursuant to the terms of the GUC Trust Agreement.

"GUC Trust Units" means the units of beneficial interests in the GUC Trust distributed to holders of Allowed General Unsecured Claims in proportion to the amount of their claims subject to certain rounding rules set forth in the Plan and the GUC Trust Agreement. Each GUC Trust Unit represents the contingent right to receive a pro rata share of the Excess GUC Trust Distributable Assets.

"Ignition Switch Class Actions" means the approximately 80 putative class actions filed by various plaintiffs against New GM seeking compensatory damages for economic losses allegedly resulting from Ignition Switch Issues.

"Ignition Switch Issues" means the ignition-switch-related recalls or the underlying condition of the vehicles covered by those recalls, which are the subject of the Ignition Switch Class Actions.

"Indenture Trustee / Fiscal and Paying Agent Costs" means certain costs, fees and expenses payable under the Plan to the indenture trustees and fiscal and paying agents for the previously outstanding debt of MLC.

"Initial Allowed General Unsecured Claims" means the approximately $29,771 million in Allowed General Unsecured Claims as of the Effective Date.

"JPMorgan Summary Judgment Motion" means the Motion for Summary Judgment of Defendant JPMorgan Chase Bank, N.A. (Docket No. 28) filed by JPMorgan Chase Bank, N.A., on July 1, 2010, seeking a ruling in favor of JPMorgan Chase Bank, N.A., with respect to the Term Loan Avoidance Action.

"Lock-Up Agreement" means the prior settlement agreement entered into by Old GM and certain holders of the Nova Scotia Notes.

"Minimum Threshold" means the threshold amount of Excess GUC Trust Distributable Assets that must be exceeded for the GUC Trust to make a distribution in respect of the GUC Trust Units, which amount is equal to: (i) with respect to New GM Common Stock, 1,000,000 shares of New GM Common Stock, (ii) with respect to the New GM Series A Warrants, warrants to acquire 909,091 shares of New GM Common Stock (subject to customary adjustment), (iii) with respect to the New GM Series B Warrants, warrants to acquire 909,091 shares of New GM Common Stock (subject to customary adjustment), and (iv) with respect to cash, $5 million.

"MLC" means Motors Liquidation Company, which dissolved on December 15, 2011.

"MSPA" means the Master Sale and Purchase Agreement dated as of July 10, 2009, by and among Old GM, certain of its debtor subsidiaries and NGMCO, Inc., as amended.

"New GM" means General Motors Company, together with its consolidated subsidiaries.

"New GM Common Stock" means the common stock of New GM, including with respect to New GM Common Stock that has been set aside from distribution, reserved or sold, any Dividend Cash related to such New GM Common Stock.

"New GM Securities" means the New GM Common Stock, including with respect to New GM Common Stock that has been set aside from distribution, reserved or sold, any Dividend Cash related to such New GM Common Stock) and the New GM Warrants.

"New GM Series A Warrants" means the warrants to acquire shares of New GM Common Stock at an exercise price of $10.00 per share, expiring July 10, 2016.

"New GM Series B Warrants" means the warrants to acquire shares of New GM Common Stock at an exercise price of $18.33 per share, expiring July 10, 2019.

"New GM Warrants" means the New GM Series A Warrants and the New GM Series B Warrants.

"No Action Letter" means the relief from certain registration and reporting requirements of the Securities Exchange Act of 1934, as amended, which was granted in the No Action letter from the Division of Corporation Finance of the SEC to the GUC Trust dated May 23, 2012.

"Nova Scotia Claims" means the claims arising from the 8.375% guaranteed notes due December 7, 2015 and the 8.875% guaranteed notes due July 10, 2023, in each case issued in 2003 by General Motors Nova Scotia Finance Company

"Nova Scotia Order" means the order entered by the Bankruptcy Court on October 21, 2013, approving the Nova Scotia Settlement.

"Nova Scotia Settlement" means the settlement agreement relating to the Nova Scotia Claims.

"NYSE" means the New York Stock Exchange.

"Old GM" means MLC, formerly known as General Motors Corporation.

"Other Administrative Cash" means the cash proceeds from the sale of any New GM Securities that have been set aside from distribution to fund the current or projected liquidation and other administrative costs or income tax liabilities of the GUC Trust, plus any Dividend Cash related to any New GM Common Stock so sold.

"Plan" means the Debtors' Second Amended Joint Chapter 11 Plan, filed with the Bankruptcy Court on March 18, 2011.

"QSF" means Qualified Settlement Fund under applicable regulations of the United States Department of Treasury.

"Reporting Costs" means fees, costs and expenses of the GUC Trust directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the SEC, (ii) the transfer, registration for transfer and certification of GUC Trust Units, (iii) the application by the Committee to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect of the distribution of New GM Securities and (iv) certain legal proceedings relating to the Term Loan Avoidance Action.

"Residual Wind-Down Assets" means the funds remaining of the approximately $42.8 million in cash and prepaid expenses transferred by MLC to the GUC Trust on the Dissolution Date to satisfy the Residual Wind-Down Claims and Residual Wind-Down Costs (which amount consisted of approximately $40.0 million in cash, including approximately $1.4 million for Avoidance Action Defense Costs, and the transferred benefit of approximately $2.8 million in prepaid expenses).

"Residual Wind-Down Claims" means all disputed administrative expenses, priority tax claims, priority non-tax claims, and secured claims against the Debtors that were remaining as of the Dissolution Date.

"Residual Wind-Down Costs" means certain costs, fees and expenses relating to satisfying and resolving the Residual Wind-Down Claims.

"Resolved Allowed Claims" means the Term Loan Avoidance Action Claims and the Resolved Disputed Claims.

"Resolved Disputed Claims" means previously Disputed General Unsecured Claims that are subsequently allowed.

"Sale Order" means the Sale Order and Injunction entered by the Bankruptcy Court on July 5, 2009, approving the sale of substantially all of the assets of Old GM to New GM pursuant to Section 363(b) of the Bankruptcy Code.

"Scheduling Order" means the scheduling order entered by the Bankruptcy Court on May 16, 2014.

"SEC" means the Securities and Exchange Commission.

"Special Nova Scotia Distribution" means the distribution made by the GUC Trust on or about December 2, 2013, in accordance with the Nova Scotia Settlement and the Nova Scotia Order, solely to holders of the allowed Nova Scotia Claims, consisting of, in the aggregate, 6,174,015 shares of New GM Common Stock, 5,612,741 New GM Series A Warrants, 5,612,741 New GM Series B Warrants, and 1,550,000 GUC Trust Units.

"Special Excess Distribution" means the distribution made by the GUC Trust on or about December 23, 2013, in accordance with the Nova Scotia Settlement and the Nova Scotia Order, to all holders of GUC Trust Units, consisting of 6,735,070 shares of New GM Common Stock, 6,122,789 New GM Series A Warrants, and 6,122,789 New GM Series B Warrants.

"Taxes on Distribution" means income tax liabilities on any capital gains realized upon the disposition of New GM Securities to holders of Allowed General Unsecured Claims or GUC Trust Units.

"Term Loan Avoidance Action" means the legal action styled as Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A., et al., Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009).

"Term Loan Avoidance Action Claims" means the Allowed General Unsecured Claims that arise in the amount of any recovery of proceeds if the Avoidance Action Trust Administrator is successful in its prosecution of the Term Loan Avoidance Action. For the avoidance of doubt, as used in this Form 10-Q, the amounts of "Disputed General Unsecured Claims" do not include any potential Term Loan Avoidance Action Claims.

"Wind-Down Costs" means certain fees and expenses incurred by the GUC Trust, including fees of the GUC Trust Administrator and the GUC Trust Monitor and the fees and expenses for other professionals retained by the GUC Trust, other than Reporting Costs.

Item 1A. Risk Factors.

You should carefully consider each of the following risks and all other information contained in this Form 10-K. The occurrence of any of the following risks could materially and adversely affect the value of the GUC Trust Units. The risks described below are not the only ones that beneficiaries of the GUC Trust Units face. Additional risks and uncertainties not presently known or deemed immaterial may also materially and adversely affect the value of the GUC Trust Units. In addition, you should also consider the "Risk Factors" section and other information in New GM's Annual Report on Form 10-K for the year ended December 31, 2013 and in New GM's subsequently filed Quarterly Reports on Form 10-Q for risks and uncertainties associated with New GM's business, operations and financial condition, which may affect the value of the New GM Securities and, in turn, the value of the GUC Trust Units.

Distributions with respect to the GUC Trust Units will be contingent on the extent to which Disputed General Unsecured Claims are disallowed, which in turn will depend on the claims resolution process, and the amount of Term Loan Avoidance Action Claims that arise, the results of which cannot be predicted in advance.

There is a limited number of New GM Securities held by the GUC Trust that may be distributed to the GUC Trust Unit beneficiaries, and the numbers of New GM Securities that are ultimately distributed to each GUC Trust Unit beneficiary will depend on (i) the amount of Disputed General Unsecured Claims that are disallowed, which is determined pursuant to the resolution process for Disputed General Unsecured Claims that is detailed in the GUC Trust Agreement and (ii) the amount of Term Loan Avoidance Action Claims that arise. It is not possible to predict the number or amount of Disputed General Unsecured Claims that will ultimately be allowed, or the number or amount of Term Loan Avoidance Action Claims that will arise. Thus, the aggregate numbers of New GM Securities that are ultimately available for distribution in respect of the GUC Trust Units is not presently determinable. For additional information about the Term Loan Avoidance Action, see "Term Loan Avoidance Action" in Item 3 ("Legal Proceedings") below.

The remaining liquidation period of the GUC Trust is uncertain, because the GUC Trust is required by the GUC Trust Agreement to continue its existence until the date on which all distributable assets of the GUC Trust have been distributed and the liquidation and wind-down of MLC and its debtor subsidiaries has been completed. If the remaining liquidation period exceeds current estimates, Wind-Down and Reporting and Transfer Costs are likely to exceed amounts accrued at March 31, 2014.

The remaining liquidation period of the GUC Trust is uncertain. The GUC Trust had an initial stated term of three years from the Effective Date (ending on March 31, 2014). On February 6, 2014, the Bankruptcy Court entered an order extending the duration of the GUC Trust to March 31, 2015. The GUC Trust is required by the GUC Trust Agreement to continue its existence until the date on which all distributable assets of the GUC Trust have been distributed and the liquidation and wind-down of MLC and its debtor subsidiaries has been completed. The term of the GUC Trust may be again extended upon application to and approval of the Bankruptcy Court as necessary to complete the claims resolution process and the wind-down of MLC. The GUC Trust will remain under the jurisdiction of the Bankruptcy Court throughout the term of its existence. It is currently anticipated that the GUC Trust will be required to again seek approval to extend its term, because, although it is uncertain at this time, it is anticipated that the distribution of assets and wind-down will not be completed prior to March 31, 2015. As of March 31, 2014, for purposes of recording reserves for Expected Costs of Liquidation, the GUC Trust has estimated on a probability-weighted basis that the remaining liquidation period will extend through December 2016.

If the GUC Trust is required to seek an another extension of the term and such request is approved by the Bankruptcy Court, and if the remaining liquidation period extends beyond December 2016, additional Wind-Down Costs and Reporting and Transfer Costs are likely to be incurred in continuing the operations of the GUC Trust beyond those accrued at March 31, 2014.

The GUC Trust may be required to sell New GM Securities to fund Wind-Down Costs of the GUC Trust if the Administrative Fund is insufficient, or to fund Reporting Costs if the Reporting and Transfer Cash is insufficient, or in the event that the GUC Trust is projected to fund current or potential Taxes on Distribution or Dividend Taxes, which would reduce the numbers of New GM Securities available for distribution to GUC Trust Unit beneficiaries.

In the event that the Administrative Fund is insufficient to satisfy the Wind-Down Costs of the GUC Trust, or that the Reporting and Transfer Cash is insufficient to satisfy the Reporting Costs of the GUC Trust, or that the GUC Trust is projected to fund current or potential Taxes on Distribution or Dividend Taxes, then under the GUC Trust Agreement, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor, to reserve, and, with the approval of the Bankruptcy Court (other than with respect to sales of New GM Securities for the purposes of funding Taxes on Distribution, pursuant to which only GUC Trust Monitor approval is required) to sell New GM Securities to cover any shortfall. The cash raised by any such sales will be added to the Other Administrative Cash, which is used for the payment of the GUC Trust's administrative and reporting expenses or for payment of Taxes on Distribution or Dividend Taxes. If any such sales occur, a lesser number of New GM Securities will be available for distribution to the GUC Trust Unit beneficiaries.

In March 2012, and again in December 2012, the Bankruptcy Court approved the sale of New GM Securities to fund certain accrued and projected Wind-Down Costs which were in excess of the amounts budgeted in the Administrative Fund for such costs, and certain projected Reporting Costs which were in excess of the Reporting and Transfer Cash. Through March 31, 2014, sales of New GM Securities to fund estimated and projected Reporting Costs, along with estimated and projected Wind-Down Costs aggregated approximately $50.2 million (which amount comprised part of the GUC Trust's Other GUC Trust Administrative Cash). As of March 31, 2014, New GM Securities with an aggregate fair market value of $51.6 million and related Dividend Cash of $0.2 million have been reserved, or set aside, for projected GUC Trust fees, costs and expenses to be incurred beyond 2014, including $3.5 million for Dividend Taxes. In addition, as of March 31, 2014, New GM Securities with an aggregate fair market value of $536.3 million and related Dividend Cash of $2.2 million have been reserved, or set aside, for Taxes on Distribution. Accordingly, such New GM Securities are not available for distribution to the beneficiaries of the GUC Trust Units.

There can be no assurance that the numbers of New GM Securities set aside will be sufficient to fund such costs and liabilities as they are actually incurred, in particular if the market price of the New GM Securities remains below the trailing twelve month average closing prices used to estimate the numbers of such New GM Securities needed to be set aside for such purposes. In addition, there can be no assurance that, as a result of future evaluations, additional numbers of New GM Securities will not need to be set aside or sold to fund additional costs and liabilities, beyond those that are currently included in the GUC Trust's estimates, in particular as a result of fluctuations in the market price of the New GM Securities and changes in the GUC Trust's estimates of projected costs and potential liabilities, including the possible increases in estimates of projected Dividend Taxes described under "New GM Securities Set Aside from Distribution—'Set Aside' Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below. For a more detailed discussion of the calculation methodologies used to estimate such costs and the sensitivities in making such estimates, see "New GM Securities Set Aside from Distribution" in Item 7 ("Management's Discussion and Analysis of Financial Condition and Results of Operations") below.

After the GUC Trust has concluded its affairs, any funds remaining that were obtained from New GM Securities sold to fund Wind-Down Costs or Reporting Costs or Taxes on Distribution (including the related Dividend Cash) will be distributed to the beneficiaries of the GUC Trust Units.

The GUC Trust may be required to sell New GM Securities to fund Residual Wind-Down Claims and Residual Wind-Down Costs if the Residual Wind-Down Assets are insufficient, which would reduce the numbers of New GM Securities available for distribution to GUC Trust Unit beneficiaries.

In the event that the Residual Wind-Down Assets are insufficient to satisfy the Residual Wind-Down Claims and/or the Residual Wind-Down Costs (and there is no remaining Other Administrative Cash designated to satisfy such claims or expenses), then under the GUC Trust Agreement, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor, to reserve, and, with the approval of the Bankruptcy Court, to sell New GM Securities to cover any shortfall. The cash raised by any such sales will be added to the Other Administrative Cash, which is used in part for the payment of the Residual Wind-Down Claims and Residual Wind-Down Costs. If any such sales occur, lesser numbers of New GM Securities will be available for distribution to the GUC Trust Unit beneficiaries. After the GUC Trust has concluded its affairs, any funds remaining that were obtained from New GM Securities sold (including the related Dividend Cash) to fund the resolution of Residual Wind-Down Claims or the distribution of Residual Wind-Down Assets will be distributed to the beneficiaries of the GUC Trust Units.

The GUC Trust Units constitute contingent rights to receive the Excess GUC Trust Distributable Assets, including New GM Securities, the value of which will depend on the business, assets, operations and prospects of New GM, regarding which the GUC Trust, the GUC Trust Administrator and the GUC Trust Monitor have no independent knowledge or control.

By holding beneficial interests in GUC Trust Units, each GUC Trust Unit beneficiary has a contingent right to receive Excess GUC Trust Distributable Assets, which may include New GM Securities. The value of the New GM Securities depends on the business, assets, operations and prospects of New GM, and the GUC Trust, the GUC Trust Administrator and the GUC Trust Monitor have no independent knowledge or control over such matters. Fluctuations in the stock market, adverse developments regarding New GM's business, assets, operations or prospects and general economic and market conditions may adversely affect the value of the New GM Securities, and the value of the distributions that you receive as a beneficiary of the GUC Trust may thus decline. You should consider the "Risk Factors" section and other information in New GM's Annual Report on Form 10-K for the year ended December 31, 2013 and in New GM's subsequently filed Quarterly Reports on Form 10-Q.

There can be no assurance that an active trading market for the GUC Trust Units exists or will continue to exist, and the GUC Trust, the GUC Trust Administrator and the GUC Trust Monitor will take no actions to facilitate or promote such a trading market.

There can be no assurance that an active trading market for the GUC Trust Units exists or will continue to exist. Because the GUC Trust Units are not listed on any securities exchange, the liquidity of the GUC Trust Units is limited, and the value of the GUC Trust Units could be negatively impacted. Pursuant to the No Action Letter, the GUC Trust, the GUC Trust Administrator and the GUC Trust Monitor will not take any actions to facilitate or promote a trading market in the GUC Trust Units or any instrument or interest tied to the value of the GUC Trust Units.

The GUC Trust Unit beneficiaries have no management, control or voting rights beyond their limited ability to remove and replace the GUC Trust Administrator and the GUC Trust Monitor for good cause.

Beneficiaries of the GUC Trust Units have no title or right to, or possession, management, or control of, the GUC Trust or the GUC Trust assets, including with respect to the resolution of Disputed General Unsecured Claims, the outcome of which could adversely impact the value of the GUC Trust Units. In addition, under the GUC Trust Agreement, beneficiaries of the GUC Trust Units do not have the right to appoint or remove the GUC Trust Administrator or the GUC Trust Monitor, except with respect to the removal of the GUC Trust Administrator or GUC Trust Monitor for good cause.

In addition to providing services to the GUC Trust, certain agents of the GUC Trust also provide services to other trusts that have been established to administer claims against the Debtors, the beneficiaries of which may have differing interests from the beneficiaries of the GUC Trust.

In addition to providing services to the GUC Trust, certain agents of the GUC Trust also provide services to other trusts that have been established to administer claims against the Debtors, the beneficiaries of which may have differing interests from the beneficiaries of the GUC Trust. For example, as approved by the Bankruptcy Court at the time it confirmed the Plan, in addition to serving as the GUC Trust Administrator, Wilmington Trust Company also serves as the Avoidance Action Trust Administrator. Similarly, in addition to serving as the GUC Trust Monitor, FTI Consulting, Inc. also serves as monitor for the Avoidance Action Trust.

The GUC Trust also relies significantly upon certain advisory services provided by AlixPartners, LLP and Weil, Gotshal & Manges LLP, which provide similar advisory services to the Motors Liquidation Company DIP Lenders Trust and the Motors Liquidation Company Wind-Down Trust (until its dissolution on December 31, 2013), two other trusts established to administer recoveries from certain assets formerly owned by MLC for the benefit of the DIP Lenders. AP Services, LLC, an affiliate of AlixPartners, LLP, also serves as the trustee and trust administrator for each of such other trusts. While the GUC Trust believes that the foregoing arrangements do not currently present any material conflict of interest, circumstances could arise where potential conflicts of interest could exist. In such circumstances, the GUC Trust will make reasonable efforts to cause its agents to mitigate such conflicts of interest, including by disclosure of the conflict of interest to relevant parties.

Resolution of the Term Loan Avoidance Action could result in additional Term Loan Avoidance Action Claims, the holders of which would be entitled to share in distributions of New GM Securities and GUC Trust Units from the GUC Trust.

Term Loan Avoidance Action Claims could potentially arise in the event that the Avoidance Action Trust Administrator is successful in prosecuting the Term Loan Avoidance Action and recovering the proceeds of such legal action. To the extent that the Avoidance Action Trust Administrator is successful in obtaining a judgment against the defendant(s) in the Term Loan Avoidance Action, Term Loan Avoidance Action Claims will arise in the amount of any transfers actually avoided and disgorged pursuant to the Term Loan Avoidance Action. Once such Term Loan Avoidance Action Claims arise, the holders of such claims will be entitled to receive a distribution of New GM Securities and GUC Trust Units from the GUC Trust corresponding to the amounts of such claims. Such a distribution could reduce the numbers of New GM Securities available for distribution to the current beneficiaries of GUC Trust Units and the pro rata share of New GM Securities distributed in the future to which the current beneficiaries of GUC Trust Units are entitled.

As discussed above, the proper beneficiaries of the proceeds of the Term Loan Avoidance Action, if any, is a matter that is currently in dispute. As such, while the successful prosecution of, and recovery under, the Term Loan Avoidance Action will result in the incurrence of additional Term Loan Avoidance Action Claims, it is not known whether holders of Allowed General Unsecured Claims will benefit from any cash recovered under the Term Loan Avoidance Action. Moreover, following the change of the form of the GUC Trust Units into book-entry form only, represented by one or more global certificates registered in the name of DTC, as depositary, or Cede & Co., its nominee, for so long as DTC is willing to act in that capacity, as described above, beneficial interests in the Avoidance Action Trust remained with holders of Allowed General Unsecured Claims, rather than beneficiaries of GUC Trust Units. As such, a holder of a GUC Trust Unit that does not hold a corresponding Allowed General Unsecured Claim will potentially have its recovery diluted through the incurrence of Term Loan Avoidance Action Claims by the GUC Trust, without receiving the benefit of any cash recovered pursuant to the Term Loan Avoidance Action.

No assurance may be given that claims relating to accidents or other incidents involving General Motors vehicles manufactured or sold prior to July 10, 2009, and/or settlements previously reached with plaintiffs asserting such claims, will not adversely affect the GUC Trust, its assets or the Plan.

As further described under "General Motors Product Recalls" in Item 3 ("Legal Proceedings") below, in its quarterly report on Form 10-Q filed April 24, 2014, New GM disclosed that, since the beginning of 2014, New GM had recalled approximately 2.6 million vehicles to repair ignition switches or to fix ignition lock cylinders and an additional 4.4 million vehicles to address certain electrical and other safety concerns. In addition, as disclosed in its current reports on Form 8-K filed May 15, 2014, and May 20, 2014, New GM subsequently announced nine new safety recalls relating to additional defects, affecting approximately 5.1 million vehicles. Many of the vehicles affected by the foregoing recalls were manufactured or sold prior to July 10, 2009, the date on which the sale of substantially all of the assets of Old GM pursuant to the MSPA was completed (the "Closing Date").

In its quarterly report on Form 10-Q filed April 24, 2014, New GM also disclosed that 55 putative class actions had been filed by various plaintiffs against New GM seeking compensatory damages for economic losses allegedly resulting from the ignition-switch-related recalls or the underlying condition of the vehicles covered by those recalls ("Ignition Switch Issues"). Since the date of that quarterly report, approximately 25 additional putative class actions have been filed against New GM relating to Ignition Switch Issues (together with the above-described lawsuits, the "Ignition Switch Class Actions"). The claims of many of the putative Ignition Switch Class Actions may be overlapping, and to date, such actions have not been consolidated. The Judicial Panel on Multidistrict Litigation has scheduled a May 29, 2014 hearing to determine whether to consolidate and transfer the Ignition Switch Class Actions filed in federal courts for coordinated and consolidated pretrial proceedings.

On April 21, 2014, New GM filed a motion with the Bankruptcy Court seeking to enforce the Sale Order and Injunction, entered on July 5, 2009 (the "Sale Order"), approving the sale of substantially all of the assets of Old GM to New GM pursuant to Section 363(b) of the Bankruptcy Code, which incorporates the terms of the MSPA. Under the terms of the Sale Order and the MSPA, all product liability and property damage claims arising from accidents or incidents prior to the Closing Date are to remain with Old GM as general unsecured claims. The GUC Trust has appeared in the proceedings in the Bankruptcy Court as an interested party.

On May 16, 2014, the Bankruptcy Court entered a scheduling order (the "Scheduling Order") identifying a number of "threshold issues" for its resolution, including whether a fraud on the Bankruptcy Court was committed in connection with the Sale Order in respect of Ignition Switch Issues and whether any or all of the claims asserted in the Ignition Switch Class Actions are claims against Old GM and/or the GUC Trust. The GUC Trust intends to vigorously defend its position that none of the claims of the plaintiffs in the Ignition Switch Class Actions may be properly asserted against Old GM or the GUC Trust.

As previously disclosed, on September 16, 2009, the Bankruptcy Court entered an order (the "Bar Date Order") setting November 30, 2009, as the bar date for filing proofs of claims related to all general unsecured claims against Old GM and, following the passage of the effective date of the Plan, the GUC Trust. To date, no plaintiff in the Ignition Switch Class Actions has asserted a claim against the GUC Trust in connection with the Ignition Switch Class Actions. In any event, however, the Scheduling Order provides that the threshold issues do not include whether any claims in the Ignition Switch Class Actions are timely or meritorious as against the bankruptcy estate of Old GM or the GUC Trust (notwithstanding the Bar Date Order).

Nonetheless, no assurance may be given that personal injury, property damage and other claims relating to New GM's recalls involving General Motors vehicles manufactured or sold prior to the Closing Date and/or settlements previously reached with certain plaintiffs who asserted personal injury, property damage or other claims due to incidents or accidents that occurred prior to the Closing Date, will not adversely affect the GUC Trust, its assets or the Plan.

The GUC Trust's information systems may experience interruptions or breaches in security.

The GUC Trust relies heavily on communications and information and data storage systems to administer and direct the distribution of certain assets pursuant to the terms and conditions of the GUC Trust Agreement. Any failure, interruption or breach in security of these systems could result in disruptions to its accounting, claims processing and other systems, and could adversely affect the GUC Trust's relationship with the holders of the Allowed General Unsecured Claims if it adversely affected the claims processing functions of the GUC Trust. While the GUC Trust has policies and procedures designed to prevent or limit the effect of these possible events, there can be no assurance that any such failure, interruption or security breach will not occur or, if any does occur, that it can be sufficiently remediated.

There have been increasing efforts on the part of third parties to breach data security at financial institutions, trusts, or with respect to financial or claims processing transactions. In addition, because the techniques used to cause such security breaches change frequently, often are not recognized until launched against a target and may originate from less regulated and remote areas around the world, the GUC Trust may be unable to proactively address these techniques or to implement adequate preventative measures.

Third parties with which the GUC Trust does business may also be sources of cyber security or other technological risks. As disclosed elsewhere in this Annual Report on Form 10-K, the GUC Trust outsources many functions, including accounting, claims processing, data storage, and other related internal functions, to and with several third-parties. While the GUC Trust engages in certain actions to reduce the exposure resulting from outsourcing, such as performing onsite security control assessments, limiting third-party access to the least privileged level necessary to perform contracted functions, and ensuring that our third-party vendors comply with our security policies, ongoing threats may result in unauthorized access, loss or destruction of data or other cyber incidents with increased costs and consequences to the GUC Trust such as those discussed above.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

Disclosure under this item is not required, pursuant to the No Action Letter.

Item 3. Legal Proceedings.

Term Loan Avoidance Action.

On July 31, 2009, the Committee, on behalf of the Debtors, commenced the Term Loan Avoidance Action (*Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al.*, Adv. Pro. No. 09-00504 (Bankr. S.D.N.Y. July 31, 2009)). The Term Loan Avoidance Action seeks the return of approximately $1.5 billion that had been transferred to a consortium of prepetition lenders pursuant to the terms of the order approving the DIP Credit Agreement.

On July 1, 2010, the Committee filed a *Motion of Official Committee of Unsecured Creditors for Partial Summary Judgment* (Docket No. 24), or the Committee Summary Judgment Motion, seeking a ruling in favor of the Committee with respect to the Term Loan Avoidance Action. Also on July 1, 2010, JPMorgan Chase Bank, N.A. filed a *Motion for Summary Judgment of Defendant JPMorgan Chase Bank, N.A.* (Docket No. 28), or the JPMorgan Summary Judgment Motion (and, together with the Committee Summary Judgment Motion, the Cross-Motions for Summary Judgment), seeking a ruling in favor of JPMorgan Chase Bank, N.A., with respect to the Term Loan Avoidance Action. On the Dissolution Date, while the Cross-Motions for Summary Judgment were still pending, the right to prosecute the Term Loan Avoidance Action was transferred to the Avoidance Action Trust. To the extent that the Avoidance Action Trust Administrator is successful in obtaining and collecting a judgment against the defendant(s) therein, Term Loan Avoidance Action Claims will arise in the amount actually collected from the defendant(s), and in the name of such defendant(s).

The Avoidance Action Trust was established under the Plan and is independent of the GUC Trust. The proper beneficiaries of the proceeds of the Term Loan Avoidance Action, if any, is a matter that is currently in dispute, with both the DIP Lenders and the Committee, on behalf of the holders of Allowed General Unsecured Claims, claiming sole rights to such proceeds. On June 6, 2011, the Committee commenced an adversary proceeding seeking a declaratory judgment that (i) the DIP Lenders are not entitled to any proceeds of the Term Loan Avoidance Action and have no interests in the Avoidance Action Trust, and (ii) the holders of Allowed General Unsecured Claims have the exclusive right to receive any and all proceeds of the Term Loan Avoidance Action, and are the exclusive beneficiaries of the Avoidance Action Trust. On December 2, 2011, the Bankruptcy Court entered an order in favor of the Committee, denying the DIP Lenders' motions to dismiss and for summary judgment. On December 16, 2011, the DIP Lenders appealed this and other related rulings and decisions of the Bankruptcy Court. On July 3, 2012, the district court for the Southern District of New York vacated the Bankruptcy Court's judgment and remanded the case to the Bankruptcy Court, with instructions for the Bankruptcy Court judge to dismiss the Committee's complaint without prejudice for want of subject matter jurisdiction.

On March 1, 2013, the Bankruptcy Court rendered a *Decision on Cross-Motions for Summary Judgment* (Docket No. 71) and entered an *Order on Cross-Motions for Summary Judgment* (Docket No. 72), or the Order, and *Judgment* (Docket No. 73) or the Judgment, denying the Committee Summary Judgment Motion and granting the JPMorgan Summary Judgment Motion. In connection therewith, on March 1, 2013, the Bankruptcy Court entered an *Order, Pursuant to 28 U.S.C. § 158(d), and Fed.R.Bankr.P. 8001(f)(4), Certifying Judgment for Direct Appeal to Second Circuit* (Docket No. 74) certifying the Judgment and the Order for direct appeal to the United States Court of Appeals for the Second Circuit. On March 7, 2013, the plaintiff in the Term Loan Avoidance Action filed a notice of appeal pursuant to Fed.R.Bankr.P. 8001. On April 5, 2013, the Avoidance Action Trust filed a petition for permission to appeal directly to the Second Circuit (the "Petition"). The Petition was subsequently granted and the appeal was docketed as case number 13-2187-bk before the Second Circuit. Following briefing, the Second Circuit heard oral arguments from the parties on March 25, 2014. The appeal is still pending before the Second Circuit.

While the successful prosecution of, and recovery under, the Term Loan Avoidance Action would result in the incurrence of additional Term Loan Avoidance Action Claims, it is not known whether holders of Allowed General Unsecured Claims would benefit from any cash recovered under the Term Loan Avoidance Action. Moreover, beneficial interests in the Avoidance Action Trust (if any) remain with holders of Allowed General Unsecured Claims, rather than beneficiaries of GUC Trust Units. As such, a holder of a GUC Trust Unit that does not hold a corresponding Allowed General Unsecured Claim could potentially have its recovery diluted through the incurrence of Term Loan Avoidance Action Claims by the GUC Trust, without receiving the benefit of any cash recovered pursuant to the Term Loan Avoidance Action.

Unless and until Term Loan Avoidance Action Claims arise, the potential holders of such claims will not be entitled to receive a distribution from the GUC Trust. However, once such Term Loan Avoidance Action Claims arise (if at all), the holders of such claims will be entitled to receive a distribution of New GM Securities (including the related Dividend Cash) from the GUC Trust.

General Motors Product Recalls

On May 16, 2014, the Bankruptcy Court issued the Scheduling Order with respect to a number of issues relating to a motion filed by New GM in which the GUC Trust has appeared as a party in interest, as summarized below.

In its quarterly report on Form 10-Q filed April 24, 2014, New GM disclosed that, since the beginning of 2014, New GM had recalled approximately 2.6 million vehicles to repair ignition switches or to fix ignition lock cylinders and an additional 4.4 million vehicles to address certain electrical and other safety concerns. In addition, as disclosed in its current reports on Form 8-K filed May 15, 2014, and May 20, 2014, New GM subsequently announced nine new safety recalls relating to additional defects, affecting approximately 5.1 million vehicles. Many of the vehicles affected by the foregoing recalls were manufactured or sold prior to July 10, 2009, or the Closing Date, the date on which the sale of substantially all of the assets of Old GM pursuant to the MSPA was completed.

In its quarterly report on Form 10-Q filed April 24, 2014, New GM also disclosed that 55 putative class actions had been filed by various plaintiffs against New GM seeking compensatory damages for economic losses allegedly resulting from the ignition-switch-related recalls or the underlying condition of the vehicles covered by those recalls, which are referred to as the Ignition Switch Issues. Since the date of that quarterly report, approximately 25 additional putative class actions have been filed against New GM relating to Ignition Switch Issues, which are referred to together with the above-described lawsuits as the Ignition Switch Class Actions. The claims of many of the putative Ignition Switch Class Actions may be overlapping, and to date, such actions have not been consolidated. The Judicial Panel on Multidistrict Litigation has scheduled a May 29, 2014 hearing to determine whether to consolidate and transfer the Ignition Switch Class Actions filed in federal courts for coordinated and consolidated pretrial proceedings.

On April 21, 2014, New GM filed a motion with the Bankruptcy Court seeking to enforce the Sale Order, entered on July 5, 2009, approving the sale of substantially all of the assets of Old GM to New GM pursuant to Section 363(b) of the Bankruptcy Code, which incorporates the terms of the MSPA. Under the terms of the Sale Order and the MSPA, all product liability and property damage claims arising from accidents or incidents prior to the Closing Date are to remain with Old GM as general unsecured claims. The GUC Trust has appeared in the proceedings in the Bankruptcy Court as an interested party.

On May 16, 2014, the Bankruptcy Court entered the Scheduling Order identifying a number of "threshold issues" for its resolution, including whether a fraud on the Bankruptcy Court was committed in connection with the Sale Order in respect of Ignition Switch Issues and whether any or all of the claims asserted in the Ignition Switch Class Actions are claims against Old GM and/or the GUC Trust. The GUC Trust intends to vigorously defend its position that none of the claims of the plaintiffs in the Ignition Switch Class Actions may be properly asserted against Old GM or the GUC Trust.

As previously disclosed, on September 16, 2009, the Bankruptcy Court entered the Bar Date Order setting November 30, 2009, as the bar date for filing proofs of claims related to all general unsecured claims against Old GM and, following the passage of the effective date of the Plan, the GUC Trust. To date, no plaintiff in the Ignition Switch Class Actions has asserted a claim against the GUC Trust in connection with the Ignition Switch Class Actions. In any event, however, the Scheduling Order provides that the threshold issues do not include whether any claims in the Ignition Switch Class Actions are timely or meritorious as against the bankruptcy estate of Old GM or the GUC Trust (notwithstanding the Bar Date Order).

Please refer to the disclosure in Item 1A ("Risk Factors") above for certain risk factors relating to the foregoing legal proceedings.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

Disclosure under this item is not required, pursuant to the No Action Letter.

Item 6. Selected Financial Data.

Disclosure under this item is not required, pursuant to the No Action Letter.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following addresses material changes in the net assets in liquidation of the Motors Liquidation Company GUC Trust, or the GUC Trust, for its fiscal year ended March 31, 2014. It is intended to be read in conjunction with the financial statements of the GUC Trust included in Item 8 below, which we refer to as the financial statements.

Recent Trading Prices of New GM Securities

As described above, the principal assets comprising the corpus of the GUC Trust are shares of the New GM Common Stock and the New GM Series A Warrants and New GM Series B Warrants to purchase such common stock. As a result, fluctuations in the market value of the New GM Common Stock (and related fluctuation in market value of the New GM Warrants) will increase or reduce the GUC Trust's net assets in liquidation accordingly. In addition, fluctuations in the market value of the New GM Securities in relation to the tax basis of such securities will affect the amount of net deferred tax liabilities, if any, that are recorded in the Statement of Net Assets in Liquidation. See "Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock" in Item 1 ("Business") above.

The New GM Common Stock and New GM Warrants are listed on the New York Stock Exchange. As of March 31, 2014, the last trading day before the end of the current fiscal year, the closing trading price of shares of New GM Common Stock was $34.42 (as compared to $27.82 as of March 28, 2013, the last trading day before the end of the previous fiscal year); the closing trading price of New GM Series A Warrants was $24.84 (as compared to $18.5599 as of March 28, 2013); and the closing trading price of New GM Series B Warrants was $17.41 (as compared to $11.79 as of March 28, 2013), in each case as reported by Bloomberg Finance L.P. The GUC Trust Units are not listed on any securities exchange.

The following table shows the intraday high and low trading prices of the New GM Common Stock for each of the previous four fiscal quarters, as reported by Bloomberg Finance L.P.:

Fiscal Quarter	High	Low
Ended June 30, 2013	$35.49	$27.11
Ended September 30, 2013	$37.97	$33.41
Ended December 31, 2013	$41.85	$33.92
Ended March 31, 2014	$41.0599	$33.573

The following table shows the intraday high and low trading prices of the New GM Series A Warrants for each of the previous four fiscal quarters, as reported by Bloomberg Finance L.P.:

Fiscal Quarter	High	Low
Ended June 30, 2013	$25.87	$17.89
Ended September 30, 2013	$28.44	$24.07
Ended December 31, 2013	$32.0999	$24.64
Ended March 31, 2014	$31.31	$24.30

The following table shows the intraday high and low trading prices of the New GM Series B Warrants for each of the previous four fiscal quarters, as reported by Bloomberg Finance L.P.:

Fiscal Quarter	High	Low
Ended June 30, 2013	$18.11	$11.32
Ended September 30, 2013	$20.63	$16.62
Ended December 31, 2013	$24.09	$17.00
Ended March 31, 2014	$23.2916	$16.59

Critical Accounting Policies and Estimates

Liquidation Basis of Accounting

The GUC Trust was created for the purposes described in Note 1, "Purpose of Trust" to the financial statements and has a finite life. As a result, the GUC Trust has prepared its financial statements on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the liquidation basis of accounting as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification, assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during liquidation, while liabilities continue to be recognized at the amount required by other U.S. generally accepted accounting principles (GAAP), and are not remeasured to reflect any anticipation that an entity will be legally released from an obligation. Additionally, under the liquidation basis of accounting, a reserve is established for estimated costs expected to be incurred during liquidation. Such costs are accrued when there is a reasonable basis for estimation. These estimates are periodically reviewed and adjusted as appropriate. As described below under the heading "—Reserves for Expected Costs of Liquidation," it is reasonably possible that estimates for such expected costs of liquidation could change in the near term.

The valuation of assets at net realizable value, reserves for Residual Wind-Down Claims and reserves for expected liquidation costs represent estimates, based on present facts and circumstances known to the GUC Trust Administrator, and are subject to change.

As described in Note 1 to the financial statements, the GUC Trust beneficiaries are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units. As Disputed General Unsecured Claims are resolved and allowed and thereby become Allowed General Unsecured Claims, the holders thereof become entitled to receive liquidating distributions of New GM Securities (including the related Dividend Cash) and GUC Trust Units pro rata by the amount of such Claims and, upon such occurrence, the GUC Trust incurs an obligation to distribute such securities. Accordingly, liquidating distributions payable are recorded (at the fair value of such New GM Securities) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2 to the financial statements, liquidating distributions payable would be recorded for the New GM Securities (at fair value), along with the related Dividend Cash, that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence. Prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims). Rather, the beneficial interests of GUC Trust beneficiaries in the residual assets of the GUC Trust are reflected in Net Assets in Liquidation of the GUC Trust in the financial statements.

Under the liquidation basis of accounting, the GUC Trust presents two principal financial statements: a Statement of Net Assets in Liquidation and a Statement of Changes in Net Assets in Liquidation. In addition, although not required under the liquidation basis of accounting, the GUC Trust also presents a Statement of Cash Flows, in accordance with the requirements of the GUC Trust Agreement.

Holdings of New GM Securities and Dividends Received on New GM Common Stock

Holdings of New GM Securities represent the GUC Trust's holdings of New GM Securities held for future distribution in respect of Allowed General Unsecured Claims and the GUC Trust Units, and include numbers of New GM Securities set aside from distribution to fund projected administrative costs and potential income tax liabilities (including both Dividend Taxes and Taxes on Distribution) as described below under "Net Assets in Liquidation—New GM Securities Set Aside from Distribution." The securities held consist of shares of New GM Common Stock and New GM Warrants. The GUC Trust has valued its holdings in the securities at their fair value based on quoted closing market prices as of the last trading day of the fiscal period.

Dividends on holdings of New GM Common Stock are recorded as received (or accrued as of the record date for any declared but unpaid dividend). Such dividends and any future declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case, the dividends relating to those shares will be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) will be maintained in Other Administrative Cash. Because such dividends are applied to the same purpose as the New GM Common Stock, references to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

Marketable Securities

Marketable securities consist of short term investments in corporate commercial paper and municipal government commercial paper and variable demand notes. The GUC Trust has valued these securities at fair value based on carrying value for municipal and corporate commercial paper where carrying value approximates fair value and par value for variable demand notes where par value equals fair value.

Reserves for Residual Wind-Down Claims and Residual Wind-Down Costs

Upon the dissolution of MLC, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining Residual Wind-Down Claims. On the date of dissolution of the Debtors, the Debtors transferred to the GUC Trust Residual Wind-Down Assets in an amount necessary to satisfy the ultimate allowed amount of such Residual Wind-Down Claims, the Residual Wind-Down Costs and certain Avoidance Action Defense Costs, as estimated by the Debtors. Should the Residual Wind-Down Costs and the Residual Wind-Down Claims be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If, collectively, the actual amounts of Residual Wind-Down Claims allowed, the Residual Wind-Down Costs and the Avoidance Action Defense Costs exceed the Residual Wind-Down Assets, the GUC Trust Administrator may be required to set aside from distribution and sell additional New GM Securities to fund the shortfall. Any such sale of securities would reduce the numbers of New GM Securities (and related Dividend Cash) available for distribution to holders of GUC Trust Units.

Reserves for Expected Costs of Liquidation

Under the liquidation basis of accounting, the GUC Trust is required to estimate and accrue the costs associated with implementing the Plan and distributing the GUC Trust's distributable assets. These costs, described as Wind-Down Costs and Reporting Costs in Note 2, "Plan of Liquidation" to the financial statements, consist principally of professional fees, costs of governance, and other administrative expenses. These amounts may vary significantly due to, among other things, the time and effort required to complete all distributions under the Plan. The GUC Trust has recorded reserves for expected costs of liquidation that represent estimated costs to be incurred over the remaining liquidation period of the GUC Trust for which there is a reasonable basis for estimation. The amount of liquidation costs that will ultimately be incurred depends both on the period of time and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. As of March 31, 2014, such remaining liquidation period has been estimated on a probability-weighted basis, which the GUC Trust believes is the most appropriate measurement basis under the circumstances, and is dependent predominantly on the estimate of the remaining period of time for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

As the GUC Trust incurs such costs, the reserves are released to offset the costs incurred and a liability to the service provider is recognized as an accounts payable or accrued expense until paid. In addition, because the GUC Trust only records reserves for expected costs for which there is a reasonable basis for estimation under applicable generally accepted accounting principles, additional costs may be identified from time to time for which additional reserves must be recorded. As such costs are identified, the GUC Trust records an increase to its reserves and charges such increase as an addition to such reserves in the Statement of Changes in Net Assets in Liquidation.

The process of recording reserves for expected costs of liquidation as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding projected costs of liquidation. Such projected costs are generally estimated on a more conservative (i.e., more inclusive) basis and include contingencies that are not permitted to be accrued in reserves for expected costs of liquidation under applicable accounting standards. For a more complete description of the process of setting aside New GM Securities to fund projected costs and potential liabilities of the GUC Trust, see "The GUC Trust Assets" in Item 1 ("Business") above and "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" below.

Income Taxes

The GUC Trust is considered to be a "Disputed Ownership Fund" pursuant to Treasury Regulation Section 1.468B-9. Because all of the assets that have been transferred to the GUC Trust are passive investments, the GUC Trust will be taxed as a Qualified Settlement Fund (or QSF) pursuant to Treasury Regulation Section 1.468B-9(c)(1)(ii). The QSF tax status of the GUC Trust has been approved by the Internal Revenue Service in a private letter ruling issued on March 2, 2011. In general, a QSF is considered to be a C Corporation but pays Federal income tax using trust income tax rates on its modified gross income. Modified gross income includes gross income pursuant to Internal Revenue Code Section 61 less administrative expenses, certain losses from the sale, exchange or worthlessness of property, and net operating losses. In general, a Disputed Ownership Fund taxed as a QSF does not recognize gross income on assets transferred to it; therefore, the GUC Trust has not recognized gross income on the transfer of assets from MLC.

The GUC Trust is currently expected to generate gross income in the form of interest and dividend income (including dividends received on its holdings of New GM Common Stock) and recognize gains and/or losses upon its disposition of shares of New GM Common Stock and New GM Warrants which it now holds, which will be reduced by administrative expenses and any accumulated net operating and capital losses, to compute modified gross income. As the GUC Trust is taxable for Federal income tax purposes, a current income tax liability or asset, if any, is recognized for estimated taxes payable or receivable for the year. Deferred tax liabilities and assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. Deferred tax assets are reviewed for recoverability and valuation allowances are provided as necessary.

The GUC Trust is not subject to state income taxes under current law. Accordingly, no current or deferred state income tax liabilities and assets are recorded.

The GUC Trust recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position, review of available evidence and consultation with GUC Trust professionals. The GUC Trust's Federal income tax returns for the years ended March 31, 2012 and 2013 are no longer subject to examination as a result of the application of Section 505(b) of the Bankruptcy Code. However, net operating and capital loss carryovers generated in the years ended March 31, 2012 and 2013, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized. As of March 31, 2014, there are no known items which would result in a significant accrual for uncertain tax positions.

The income tax benefit (provision) for the years ended March 31, 2014 and 2013, was determined by computing the deferred tax provision using the enacted statutory rate of 39.6% that went into effect for the GUC Trust's fiscal year beginning on April 1, 2013. The deferred tax provision for the year ended March 31, 2012 was computed using the statutory rate then in effect of 35%. There was no current tax provision in any periods.

The process of recognizing deferred tax assets and liabilities and any current income taxes payable as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding potential income tax liabilities. Such potential income tax liabilities are generally estimated on a more conservative (i.e., more inclusive) basis and include amounts of potential income tax liabilities beyond the amounts that are permitted to be recorded under applicable accounting standards. For a more complete description of the process of setting aside New GM Securities to fund projected costs and potential income tax liabilities of the GUC Trust, see "The GUC Trust Assets" in Item 1 ("Business") above and "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" below.

Funding Obligation to the Avoidance Action Trust

Based on an analysis of the Avoidance Action Trust and its potential funding sources, the GUC Trust Administrator, in conjunction with the Avoidance Action Trust Administrator, determined that it would be in the best interest of the holders of Allowed General Unsecured Claims to fund certain fees, costs and expenses of the Avoidance Action Trust, subject to approval of the Bankruptcy Court. As described in Note 2, "Plan of Liquidation" to the financial statements, in March 2012, the Bankruptcy Court approved the sale of New GM Securities aggregating approximately $13.7 million and the transfer of the resulting proceeds to the Avoidance Action Trust for such funding. The sale occurred in March 2012 and the proceeds were transferred from the GUC Trust to the Avoidance Action Trust on May 14, 2012.

Use of Estimates

The preparation of financial statements on a liquidation basis in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect reported amounts of assets and liabilities. These estimates are subject to known and unknown risks, uncertainties and other factors that could materially impact the amounts reported and disclosed in the financial statements and related footnotes. Significant estimates include the anticipated amounts and timing of future cash flows for expected costs of liquidation, Residual Wind-Down Claims and Residual Wind-Down Costs, and fair value of marketable securities. Actual results could differ from those estimates.

New Accounting Standard

In April 2013, the FASB issued Accounting Standards Update No. 2013-07, Liquidation Basis of Accounting, which amended the FASB Accounting Standards Codification and provides guidance as to when an entity should apply the liquidation basis of accounting. In addition, the guidance establishes principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. The provisions of this Accounting Standards Update are effective beginning April 1, 2014 for the GUC Trust. Such provisions require that income or cash expected to be received over the liquidation period be estimated and accrued to the extent that a reasonable basis for estimation exists. With respect to dividends on New GM Common Stock held by the GUC Trust, such dividends have been recorded as received (or accrued as of the record date for any declared but unpaid dividends) in the accompanying financial statements. The GUC Trust has not yet determined the impact the adoption of these provisions will have on its financial statements.

Statement of Changes in Net Assets in Liquidation

During the year ended March 31, 2014, net assets in liquidation decreased by approximately $325.7 million, from approximately $1,390.2 million to approximately $1,064.5 million, principally as a result of the impact of approximately $1,206 million of liquidating distributions of New GM Securities, partially offset by an increase in the fair value of holdings of New GM Securities since March 31, 2013 of approximately $702.7 million and the recording of an income tax benefit of $164.8 million as described below. As noted above in "Recent Trading Prices of New GM Securities," the closing trading price of New GM Common Stock, as well as the New GM Series A and New GM Series B Warrants, increased between the last trading day of the year ended March 31, 2013 and the last trading day of the year ended March 31, 2014.

The liquidating distributions of New GM Securities during the year ended March 31, 2014 were primarily comprised of the Special Nova Scotia Distribution of approximately $527.5 million and the Special Excess Distribution of approximately $614.8 million, each of which occurred pursuant to and following the effectiveness of the Nova Scotia Settlement on November 25, 2013. Additional distributions for the year ended March 31, 2014 consisted of distributions to holders of Allowed Disputed General Unsecured Claims (exclusive of the Special Nova Scotia Distribution), and distributions to holders of Allowed General Unsecured Claims who previously failed to fulfill informational requirements for distribution established in accordance with the GUC Trust Agreement, but subsequently successfully fulfilled such information requirements. For additional information regarding the Nova Scotia Matter and the related Nova Scotia Settlement, see the disclosure under the heading "Nova Scotia Settlement" in Item 1 ("Business") of this Form 10-K.

The income tax benefit of $164.8 million for the year ended March 31, 2014, resulted primarily from a decrease in the net deferred tax liability during the year. Such decrease in the net deferred tax liability primarily resulted from a decrease in the deferred tax liability for the excess of fair value over the tax basis of holdings of New GM Securities and an increase in the deferred tax asset for net operating and capital loss carryovers, offset in part by the establishment of a full valuation allowance against all net deferred tax assets. Both the decrease in the deferred tax liability for the excess of fair value over the tax basis of New GM Securities and the increase in the deferred tax asset for net operating and capital loss carryovers resulted primarily from a new tax position that was taken in the GUC Trust's U.S. federal income tax returns. As described in Note 9, "Income Tax Benefit (Provision)" to the financial statements, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011.

As a result, a tax benefit of $411.6 million (net of establishment of a valuation allowance against deferred tax assets of $103.9 million) related to the new tax position was recognized in the financial statements during the three months ended September 30, 2013. The benefit was recognized because the GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position in the amounts to be reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Subsequently, the GUC Trust filed its U.S. federal income tax returns for the year ended March 31, 2013 with the Internal Revenue Service using the new tax position. Although the GUC Trust's U.S. federal income tax returns for the years ended March 31, 2012 and 2013 are no longer subject to examination by the Internal Revenue Service as a result of the application of Section 505(b) of the Bankruptcy Code, such new tax position as of the date hereof, has not been sustained on examination by the Internal Revenue Service. Accordingly, capital loss carryovers generated in the years ended March 31, 2012 and 2013, from the new tax position, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

Such income tax benefit recognized during the three months ended September 30, 2013 was partly offset during the year ended March 31, 2014, primarily by an increase in the deferred tax liability associated with an increase in the fair value of holdings of New GM Securities since March 31, 2013. See "Functions and Responsibilities of the GUC Trust—Income Tax Liabilities for Certain Capital Gains and Dividends on New GM Common Stock" in Item 1 ("Business") above and Note 9, "Income Tax Benefit (Provision)" to the financial statements.

Net assets in liquidation in the year ended March 31, 2014 were increased as a result of reductions in reserves for expected costs of liquidation of $7.9 million. As described below in more detail in "Liquidation and Administrative Costs," such reductions in the reserves for expected costs of liquidation resulted primarily from decreases in both expected Wind-Down Costs and Reporting Costs under generally accepted accounting principles applicable to the GUC Trust. (The process of recognizing reserves as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding projected administrative costs and potential income tax liabilities. See "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" below.)

The changes in net assets in liquidation for the year ended March 31, 2014 also reflect approximately $4.7 million of interest income and dividends, consisting almost entirely of dividends received on holdings of New GM Common Stock. In March 2014, New GM paid a dividend of $0.30 per share on its Common Stock. As described in "The GUC Trust Assets" in Item 1 ("Business") above, such dividends on New GM Common Stock will be distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units in respect of the shares of New GM Common Stock that they receive, unless such dividends are in respect of shares of New GM Common Stock that are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the GUC Trust's costs of liquidation, tax liabilities or shortfalls in the Residual Wind-Down Assets. In such case, such dividends in respect of New GM Common Stock that are sold, will be maintained in Other Administrative Cash.

Liquidation and Administrative Costs

As discussed above under "Critical Accounting Policies and Estimates," under the liquidation basis of accounting, the GUC Trust was required upon its establishment to record reserves in respect of its expected costs associated with implementing the Plan and distributing the GUC Trust's distributable assets. These costs consist principally of professional fees, governance costs and other liquidation and administrative costs.

Under U.S. GAAP, these reserves may be established only to the extent there is a reasonable basis for their estimation. From time to time, as additional costs are identified and for which there is reasonable basis for estimation, the GUC Trust records an increase to its reserves for expected costs of liquidation and charges such increase as an addition to reserves for expected costs of liquidation in the Statement of Changes in Net Assets in Liquidation. As costs are actually incurred by the GUC Trust, such costs reduce the previously recorded reserves for expected costs of liquidation by the amount of such incurred costs, with no further effect on the Statement of Changes in Net Assets in Liquidation.

The GUC Trust's reserves for liquidation and administrative costs (recorded in conformity with U.S. GAAP) are allocable into the following categories:

- reserve for expected Wind-Down Costs, corresponding to expenditures to be made out of the Administrative Fund and, following the depletion of the Administrative Fund, Other Administrative Cash (see "The GUC Trust Assets" in Item 1 ("Business") above;
- reserve for expected Reporting Costs, corresponding to expenditures to be made out of Other Administrative Cash (see "The GUC Trust Assets" in Item 1 ("Business") above);
- reserve for Indenture Trustee / Fiscal and Paying Agent Costs, corresponding to expenditures to be made out of the cash received by the GUC Trust from MLC on the Dissolution Date (see "The GUC Trust Assets" in Item 1 ("Business") above);
- reserve for Avoidance Action Defense Costs, corresponding to expenditures to be made out of Residual Wind-Down Assets and, following the depletion of such assets, Other Administrative Cash (see "The GUC Trust Assets" and "Term Loan Avoidance Action in Item 1 ("Business") above); and
- reserve for Residual Wind-Down Costs, corresponding (in addition to expenditures to satisfy and resolve Residual Wind-Down Claims) to expenditures to be made out of Residual Wind-Down Assets and, following the depletion of the Residual Wind-Down Assets, Other Administrative Cash (see "The GUC Trust Assets" in Item 1 ("Business") above.

As described in greater detail under "The GUC Trust Assets" in Item 1 ("Business") above and "Liquidity and Capital Resources" below, unused portions of certain of the assets associated with the foregoing reserves are required to be returned to the DIP Lenders upon the winding up and dissolution of the GUC Trust. Therefore, such assets are not available to fund costs of liquidation and administration or income tax liabilities of the GUC Trust, and are also not available for distribution to the holders of Allowed General Unsecured Claims or GUC Trust Units. See "The GUC Trust Assets" in Item 1 ("Business") above.

As of March 31, 2014, the GUC Trust had approximately $36.5 million in reserves for liquidation and administrative costs that are estimated to be incurred through the winding up and conclusion of the GUC Trust, compared to approximately $61.5 million in reserves as of March 31, 2013. The following table summarizes in greater detail the changes in such reserves during the year ended March 31, 2014:

(in thousands)	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee / Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, March 31, 2013	$ 38,043	$ 20,442	$ 499	$ 898	$ 1,631	$ 61,513
Less reductions in reserves	(3,843)	(4,067)	—	—	—	(7,910)
Less liquidation costs incurred:						
Trust Professionals	(7,736)	(2,013)	—	(898)	(373)	(11,020)
Trust Governance	(3,888)	(1,799)	(35)	—	—	(5,722)
Other Administrative Expenses	(47)	(328)	—	—	—	(375)
Balance, March 31, 2014	$ 22,529	$ 12,235	$ 464	$ —	$ 1,258	$ 36,486

Reserves were reduced approximately $7.9 million during the year ended March 31, 2014, in order to reflect a $3.8 million decrease in expected Wind-Down Costs and a $4.1 million decrease in expected Reporting Costs. The decrease in expected Wind-Down Costs during the year ended March 31, 2014, is primarily associated with the Nova Scotia Settlement resulting in reduced expected litigation costs, as well as a reduction in revised estimates of ongoing costs necessary to conduct the wind-down activities of the GUC Trust. The decrease in expected Reporting Costs during the year ended March 31, 2014, is primarily associated with a reduction in revised estimates of ongoing costs of services provided by GUC Trust professionals, as well as increased visibility into expected Reporting Costs primarily as a result of completing the first full year of SEC reporting requirements for the year ended March 31, 2013. In comparison, approximately $17.5 million in additional reserves were accrued during the year ended March 31, 2013 in order to reflect increases in expected Reporting Costs of $12.3 million and expected Wind-Down Costs of approximately $5.2 million. The increase in expected Reporting Costs was associated with (i) increases in the estimated length of the remaining liquidation period and (ii) increased visibility into expected Reporting Costs. The increase in expected Wind-Down Costs was associated with (i) increases in the estimated length of the liquidation period, (ii) revised estimates of the expected costs of the Nova Scotia Claims, (iii) additional Trust Professionals services required as a result of the adverse determination from the Internal Revenue Service with respect to the requested issuance of a private letter ruling, and (iv) increased visibility into the ongoing costs necessary to conduct the wind-down activities of the GUC Trust, offset in large part by reductions in expected Wind-Down Costs resulting from the execution of a letter agreement with the DIP Lenders dated July 24, 2012, which provided relief from certain restrictions on utilization of Wind-Down Assets.

Total reserves were reduced by the amount of liquidation and administrative costs incurred during the year ended March 31, 2014. Trust professional costs incurred during the year ended March 31, 2014 were approximately $11.0 million, as compared to $25.5 million for the year ended March 31, 2013. The decrease of $14.5 million from year to year was due to a $12.0 million decrease in Wind-Down Costs, a $1.0 million decrease in Reporting Costs, and a $2.0 million decrease in Residual Wind-Down Costs, partially offset by a $0.5 million increase in Avoidance Action Defense Costs. Trust Governance Costs incurred during the year ended March 31, 2014, were approximately $5.7 million, as compared to $6.2 million for the year ended March 31, 2013. The decrease of $0.5 million from year to year was due to decreased fees and reimbursable expenses for the GUC Trust Administrator and GUC Trust Monitor. Other administrative costs during each of the years ended March 31, 2014 and 2013 were approximately $0.4 million. Such costs represented miscellaneous fees and costs of the GUC Trust. For additional information regarding the components of each category of costs, see "The GUC Trust Assets" in Item 1 ("Business") above.

The foregoing reserves represent future costs of the GUC Trust for which there was a reasonable basis for estimation as of March 31, 2014 and, therefore, are recorded under the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). It is reasonably possible, however, that additional costs will be incurred, for which there was not a reasonable basis for estimation as of March 31, 2014. In particular, as of March 31, 2014, the recorded reserves for expected costs of liquidation reflect estimated costs for a remaining liquidation period extending through December 2016, which date is predominantly the result of the estimate of the period of time required for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust, and assumes an extension of the current scheduled dissolution date of the GUC Trust. This end date of the remaining liquidation period has been estimated on a probability-weighted basis as permitted under U.S. GAAP and which the GUC Trust believes is the most appropriate measurement basis in the circumstances. In addition, certain liquidation costs that are expected to be prepaid by the GUC Trust upon its dissolution have also been estimated and accrued.

The amount of liquidation costs that will ultimately be incurred depends both on the length of the remaining liquidation period and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. It is reasonably possible that the GUC Trust's estimates regarding the remaining liquidation period and the expected costs of liquidation will change in the near term.

If the funds available for each of the foregoing categories of costs are not sufficient to satisfy any of the costs in that category, the GUC Trust will be required to sell a portion of its holdings of New GM Securities in order to meet its additional obligations for those costs. Any such sales of New GM Securities will result in lesser numbers of New GM Securities available for distribution to holders of GUC Trust Units.

The process of recognizing reserves for expected costs of liquidation as a matter of financial reporting is separate and distinct from the process by which New GM Securities are set aside from distribution for the purposes of funding projected costs of liquidation, which are generally made on a more conservative (i.e., more inclusive) basis and include contingencies that are not permitted to be recognized under applicable accounting standards. As described in further detail below, certain New GM Securities (and related Dividend Cash) have already been set aside from distribution for the purposes of meeting such additional obligations. However, the amounts set aside from distribution are neither reflected in nor a part of the financial statements included elsewhere in this Form 10-K because the process of setting aside such assets is not related to the process of recording, as a matter of financial reporting in the Statement of Net Assets in Liquidation, reserves for expected costs of liquidation or current and deferred income tax liabilities. See "Critical Accounting Policies and Estimates—Income Taxes" and "Critical Accounting Policies and Estimates—Reserves for Expected Costs of Liquidation" above and "Net Assets in Liquidation—New GM Securities Set Aside from Distribution" below.

For additional information regarding the reserves described above, see Note 2, "Plan of Liquidation", and Note 8, "Reserves for Expected Costs of Liquidation and Residual Wind-Down Claims," to the financial statements.

Net Assets in Liquidation

Disputed Claims

During the year ended March 31, 2014, the GUC Trust Administrator resolved Disputed General Unsecured Claims with an aggregate maximum asserted dollar amount of approximately $3,525 million, approximately $1,626 million of which were allowed and approximately $1,899 million of which were disallowed.

The following table provides additional detail regarding claims resolution status for the year ended March 31, 2014:

(in thousands)	Allowed General Unsecured Claims	Disputed General Unsecured Claims	Term Loan Avoidance Action Claims	Maximum Amount of Unresolved Claims (1)	Total Claims Amount (2)
Total, March 31, 2013	$30,227,244	$ 3,604,871	$ 1,500,000	$ 5,104,871	$35,332,115
New Allowed General Unsecured Claims	1,626,386	—	—	—	1,626,386
Disputed General Unsecured Claims resolved or disallowed	—	(3,525,371))	—	(3,525,371)	(3,525,371)
Total, March 31, 2014	$31,853,630	$ 79,500	$ 1,500,000	$ 1,579,500	$33,433,130

(1) Maximum Amount of Unresolved Claims represents the sum of Disputed General Unsecured Claims and Term Loan Avoidance Action Claims.
(2) Total Claim Amount represents the sum of Allowed General Unsecured Claims and Maximum Amount of Unresolved Claims.

As previously disclosed, on September 26, 2013, the GUC Trust entered into the Nova Settlement to resolve the Nova Scotia Claims. The Nova Scotia Settlement became effective pursuant to its terms on November 25, 2013. As a result, Disputed General Unsecured Claims with an aggregate maximum asserted amount of $3,061 million were resolved, $1,550 million of which were allowed and approximately $1,511 million of which were disallowed. See Note 5, "Liquidating Distributions" to the financial statements for additional information regarding distributions of New GM Securities during the year ended March 31, 2014, pursuant to the terms of the Nova Scotia Settlement.

Distributable Assets

The table below summarizes the activity in the New GM Securities and Dividend Cash that comprise the GUC Trust's distributable assets, including the amounts of New GM Securities distributed through or distributable as of March 31, 2014, as well as the numbers of New GM Securities and amount of Dividend Cash available for distribution to holders of GUC Trust Units as of March 31, 2014:

	New GM Common Stock	New GM Series A Warrants	New GM Series B Warrants	Dividend Cash
Distributable Assets as of Effective Date (March 31, 2011)	150,000,000	136,363,635	136,363,635	$ —
Dividends Received on New GM Common Stock	—	—	—	4,576,169
Prior Distributions (1)	(133,531,043)	(121,392,110)	(121,392,110)	—
Prior Sales to Fund GUC Trust Costs and Avoidance Action Trust Funding Obligation	(1,171,650)	(1,065,134)	(1,065,134)	—
Holdings of New GM Securities as of March 31, 2014 (2)	15,297,307	13,906,391	13,906,391	4,576,169
Less: Distributions Payable at March 31, 2014 (1), (3)	(575,278)	(522,865)	(522,865)	(159,560)
Add: Distributions Payable to Holders of GUC Trust Units as of March 31, 2014	488,556	444,143	444,143	146,567
Less: Amounts Set Aside from Distribution to Fund Projected GUC Trust Costs	(661,157)	(601,027)	(601,027)	(198,347)
Less: Amounts Set Aside from Distribution to Fund Projected Dividend Taxes	(47,744)	(43,403)	(43,403)	(14,323)
Less: Amounts Set Aside from Distribution to Fund Potential Taxes on Distribution	(7,363,141)	(6,693,764)	(6,693,764)	(2,208,942)
Distributable Assets as of March 31, 2014 (4)	7,138,543	6,489,475	6,489,475	$ 2,141,564

(1) The numbers of New GM Securities shown as distributed or distributable include sales for (a) cash distributions to governmental entities to the extent such governmental entities have requested such sales and demonstrated to the satisfaction of the GUC Trust Administrator that such governmental entities are precluded by applicable law from receiving distributions of New GM Securities and (b) fractional amounts of New GM Securities, in lieu of which the GUC Trust is required pursuant to the GUC Trust Agreement to distribute cash, subject to certain minimum thresholds.

(2) Holdings of New GM Securities reflect the numbers of New GM Securities used to determine Holdings of New GM Securities in the Statement of Net Assets in Liquidation. See Note 6, "Holdings of New GM Securities" to the financial statements.

(3) Distributions Payable are in respect of Allowed General Unsecured Claims (including both (a) Allowed General Unsecured Claims that were newly allowed during the quarter ended March 31, 2014 and (b) Allowed General Unsecured Claims that were allowed in prior fiscal periods, but for which the holders of such claims had not yet supplied information required by the GUC Trust in order to effect the distribution to which they are entitled) and excess distributions payable to holders of GUC Trust units.

(4) Distributable Assets reflects the numbers of New GM Securities and Dividend Cash shown as "GUC Trust Distributable Assets" on the report included as Exhibit 99.1 to the Form 8-K filed by the GUC Trust with the SEC on April 23, 2014. Such New GM Securities and associated Dividend Cash have been set aside for potential distribution in respect of current Disputed General Unsecured Claims and Term Loan Avoidance Action Claims as of March 31, 2014. To the extent such claims are resolved in favor of the GUC Trust, those amounts of New GM Securities and associated Dividend Cash set aside may become available for distribution to holders of GUC Trust Units in future periods. The numbers of New GM Securities set out above as "Distributable Assets" do not, however, directly relate to Net Assets in Liquidation or any other number appearing in our financial statements prepared in accordance with U.S. GAAP.

As described above under the heading "Disputed Claims," as of March 31, 2014, there were approximately $31.9 billion in Allowed General Unsecured Claims. In respect of such claims, the GUC Trust had previously distributed, or was obligated to distribute as of March 31, 2014, in the aggregate, 134,106,321 shares of New GM Common Stock, 121,914,975 New GM Series A Warrants and 121,914,975 New GM Series B Warrants. These amounts reflect 43,310 shares of New GM Common Stock, 39,371 New GM Series A Warrants and 39,371 New GM Series B Warrants, which were set aside for distribution in respect of Allowed General Unsecured Claims that were newly allowed during the quarter ended March 31, 2014. These amounts also include 488,556 shares of New GM Common Stock, 444,143 New GM Series A Warrants and 444,143 New GM Series B Warrants that were distributable to holders of GUC Trust Units in respect of Excess GUC Trust Distributable Assets as of March 31, 2014.

During the year ended March 31, 2014, no New GM Securities were sold to fund liquidation and administrative costs of the GUC Trust.

New GM Securities Set Aside from Distribution

Overview of New GM Securities Set Aside From Distribution

In addition to distributions and liquidations of New GM Securities, which are reflected as reductions to the GUC Trust net assets in its financial statements, the GUC Trust also, from time to time, sets aside New GM Securities for potential future liquidation to fund projected liquidation and administrative costs, as well as potential income tax liabilities, including both Dividend Taxes and Taxes on Distribution. The New GM Securities that are set aside from distribution by the GUC Trust are not deducted from the net assets in liquidation of the GUC Trust in its financial statements unless and until such New GM Securities are liquidated. The New GM Securities set aside from distribution are segregated by the GUC Trust for such specific purposes and are not available for distribution to holders of GUC Trust Units or other claimants unless and to the extent that the GUC Trust later determines that the New GM Securities are no longer needed to fund those specific purposes.

This process is not related to, and is separate from, the process of recording current and deferred income tax liabilities and reserves for expected costs of liquidation in the Statement of Net Assets in Liquidation, as a matter of financial reporting. As a matter of financial reporting, income tax liabilities and reserves for expected costs of liquidation must be determined in accordance with generally accepted accounting principles applicable to the GUC Trust. By contrast, the estimates of projected costs and potential liabilities for which the GUC Trust may set aside New GM Securities are generally made on a more conservative (i.e., more inclusive) basis and include contingencies and amounts of potential income tax liabilities that are not permitted to be recognized under applicable accounting standards. See "Critical Accounting Policies—Income Taxes" and "Critical Accounting Policies and Estimates—Reserves for Expected Costs of Liquidation" above.

As of March 31, 2014, the distributable assets of the GUC Trust included 7,138,543 shares of New GM Common Stock, 6,489,475 New GM Series A Warrants and 6,489,475 New GM Series B Warrants, with an aggregate fair value of approximately $519.9 million, as well as Dividend Cash of $2.1 million, after deducting the numbers of New GM Securities and Dividend Cash (i) set aside from distribution to fund additional projected liquidation and administrative costs and potential income tax liabilities of the GUC Trust (as described below under the headings "—'Set Aside' Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes" and "—'Set Aside' Calculations Relating to Potential Taxes on Distribution") and (ii) set aside for distributions payable in respect of new Allowed General Unsecured Claims and Allowed General Unsecured Claims that were allowed in prior fiscal periods, but for which the holders of such claims had not yet supplied information required by the GUC Trust in order to effect the distributions to which they are entitled. Such New GM Securities and Dividend Cash have been set aside for potential distribution in respect of current Disputed General Unsecured Claims and Term Loan Avoidance Action Claims. To the extent such claims are resolved in favor of the GUC Trust, those amounts of New GM Securities and Dividend Cash set aside may become available for distribution to holders of GUC Trust Units in future periods.

"Set Aside" Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes

The GUC Trust Administrator reevaluates, on a quarterly basis, the numbers of New GM Securities needed to be set aside from distribution for purposes of funding projected liquidation and administrative costs. This determination is made on a basis different than that used to calculate reserves for financial statement purposes. The current methodology for calculating such set asides converts estimates of projected liquidation and administrative costs into the number of New GM Securities to be set aside from distribution by dividing such estimates by the trailing twelve month average closing prices for the New GM Securities. In addition, beginning in the quarter ended March 31, 2014, the numbers of New GM Securities to be set aside from distribution has been reduced for dividends on New GM Common Stock received by the GUC Trust during the quarter that are associated with the set-aside New GM Common Stock by dividing such dividends by the trailing twelve month average closing prices for the New GM Securities and subtracting such calculated numbers of New GM Securities from the numbers of set-aside New GM Securities. A corresponding amount of Dividend Cash associated with the set-aside New GM Securities has also been set aside from distribution.

For the quarter ended March 31, 2014, as a result of the standard quarterly reevaluations described above, the number of New GM Securities set aside from distribution to fund projected liquidation and administrative costs of the GUC Trust was reduced by 9,371 shares of New GM Common Stock, 8,519 New GM Series A Warrants and 8,519 New GM Series B Warrants from those previously set aside as of December 31, 2013. These overall reductions were primarily related to increases in the trailing twelve month average closing prices of the New GM Securities during the period, partially offset by increases in the set asides of 47,744 in New GM Common Stock, 43,403 New GM Series A Warrants and 43,403 New GM Series B Warrants for projected Dividend Taxes, relating to dividends on New GM Common Stock received in March 2014 and to be received in June 2014 (as declared by GM in

April 2014), which are required under the GUC Trust Agreement to be paid from the proceeds of sale of New GM Securities included in Excess GUC Trust Distributable Assets Accordingly, as of March 31, 2014, the GUC Trust had set aside from distribution, in the aggregate, 708,901 shares of New GM Common Stock, 644,430 New GM Series A Warrants, 644,430 New GM Series B Warrants and Dividend Cash of $0.2 million, with an aggregate fair value of $51.8 million, for the purposes of funding future projected liquidation and administrative costs of the GUC Trust, including Dividend Taxes of $3.5 million. Such amounts were sufficient to fully fund projected liquidation and administrative costs of the GUC Trust, as estimated by the GUC Trust Administrator at March 31, 2014.

With respect to projected Dividend Taxes, no additional set aside of New GM Securities has been made as of March 31, 2014, due to uncertainty associated with a number of variables, including but not limited to (a) the likelihood of the payment of, and timing of, any potential future dividends, (b) the amount per share of any potential future dividend, and (c) the numbers of shares on New GM Common Stock that will be held by the GUC Trust as of the record date of any potential future dividends. To the extent that the GUC Trust Administrator determines that the level of uncertainty associated with any of the aforementioned variables has sufficiently decreased, the GUC Trust Administrator reserves the right, at its discretion and without advance notice, to increase or decrease the set aside for Wind-Down Costs in an amount sufficient to cover all estimated Dividend Taxes associated with all then anticipated potential future dividends. In such event, and assuming that, for the remainder of the estimated life of the GUC Trust (as estimated for other set aside purposes), New GM continues to pay quarterly dividends at the current rate per share and the number of shares of New GM Common Stock held by the GUC Trust as at March 31, 2014 does not decrease, and based upon the GUC Trust's current applicable income tax rate and the market value of New GM Securities at March 31, 2014, there could be, as a conservative measure, up to a further $43.2 million of New GM Securities required to be set aside. The dollar value of New GM Securities comprising such additional set aside would vary if, for example, no dividend is paid by New GM for one or more future quarters, the rate per share of any dividend that is actually paid by New GM in future periods increases or decreases, the applicable income tax rate changes, the life of the GUC Trust is longer or shorter than that assumed, or if (as is likely) the number of shares of New GM Common Stock held by the GUC Trust declines over its remaining life and the market value of the New GM Securities increases or decreases.

"Set Aside" Calculations Relating to Potential Taxes on Distribution

In addition to reevaluating the numbers of New GM Securities to be set aside from distribution to fund projected liquidation and administrative costs, including Dividend Taxes, the GUC Trust Administrator also reevaluates, on a quarterly basis, the numbers of New GM Securities needed to be set aside from distribution to fund potential income tax liabilities on realized gains and future gains from the disposition of New GM Securities, which are referred to as Taxes on Distribution. The current methodology for calculating such set asides estimates potential Taxes on Distribution by applying the applicable U.S. federal income tax rate to estimates of potential capital gains, which are arrived at by comparing the highest closing price for the New GM Securities since December 15, 2011, against the tax basis of the New GM Securities on December 15, 2011 (based on the date of transfer of record ownership of the New GM Securities to the GUC Trust from MLC). The set aside calculation methodology then converts the estimate of potential Taxes on Distribution into the numbers of New GM Securities to be set aside from distribution by dividing such estimate by the trailing twelve month average closing prices of the New GM Securities. In addition, beginning in the quarter ended March 31, 2014, the number of New GM Securities to be set aside from distribution has been reduced for dividends on New GM Common Stock received by the GUC Trust during the quarter that are associated with the set-aside New GM Common Stock by dividing such dividends by the trailing twelve month average closing prices for the New GM Securities and subtracting such calculated numbers of New GM Securities from the numbers of set-aside New GM Securities. A corresponding amount of Dividend Cash associated with the set-aside New GM Securities has also been set aside from distribution.

The GUC Trust's calculations of the numbers of New GM Securities needed to be set aside from distribution to fund such potential Taxes on Distribution is made using a different methodology than that used to calculate deferred tax liabilities for financial statement purposes. In estimating potential Taxes on Distribution, the "set aside" calculation estimates potential capital gains as the difference between (a) the tax basis of the New GM Securities on December 15, 2011 and (b) the highest closing price of such New GM Securities since December 15, 2011. By contrast, in calculating deferred tax liabilities for purposes of financial reporting, under applicable generally accepted accounting principles, the GUC Trust calculates estimated capital gains as the difference between (a) the tax basis of the New GM Securities for financial reporting purposes and (b) the closing price of such New GM Securities as of the last trading date of the most recent fiscal quarter. During the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, rather than December 15, 2011. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. Accordingly, the GUC Trust filed its U.S. federal income tax returns for the year ended March 31, 2013 with the Internal Revenue Service using the new tax position. Because the new tax position has not yet been sustained on examination by the Internal Revenue Service, however, as a conservative measure, the GUC Trust Administrator has determined not to revise the "set aside" calculation methodology described above unless and until the new tax position has been sustained on examination by the Internal Revenue Service, or the liability of the GUC Trust for Taxes on Distribution otherwise have been finally determined in accordance with Section 505(b) of the Bankruptcy Code, for all applicable income tax returns, including the GUC Trust's U.S. federal income tax returns for the year ended March 31, 2014 and subsequent years.

For the quarter ended March 31, 2014, as a result of the standard quarterly reevaluations described above, the number of New GM Securities set aside from distribution to fund projected Taxes on Distribution of the GUC Trust was reduced by 332,492 shares of New GM Common Stock, 302,266 New GM Series A Warrants and 302,266 New GM Series B Warrants from those previously set aside at December 31, 2013. These overall reductions primarily resulted from the increase in the trailing twelve month average closing prices of the New GM Securities during the period. Accordingly, as of March 31, 2014, the GUC Trust had set aside from distribution, in the aggregate, 7,363,141 shares of New GM Common Stock, 6,693,764 New GM Series A Warrants, 6,693,764 New GM Series B Warrants and Dividend Cash of $2.2 million, with an aggregate fair value of $538.5 million, for the purposes of funding potential Taxes on Distribution of the GUC Trust. Such amounts were sufficient to fully fund potential Taxes on Distribution of the GUC Trust, as estimated by the GUC Trust Administrator at March 31, 2014.

The "set aside" calculation for potential Taxes on Distribution as of March 31, 2014 is set forth below:

	New GM Common Stock	New GM Series A Warrants	New GM Series B Warrants	Total	Calculation Reference
Holdings of New GM Securities as of March 31, 2014	15,297,307	13,906,391	13,906,391		
Tax basis of New GM Securities (1)	$ 19.87	$ 11.38	$ 7.88		
Highest closing price since December 15, 2011 (2)	$ 41.53	$ 31.97	$ 23.858		
Estimated potential taxable gain per New GM Security	$ 21.66	$ 20.59	$ 15.978		
Aggregate estimated potential taxable gain (in thousands)	$ 331,340	$ 286,333	$ 222,196	$ 839,869	
Net capital gains and operating losses through March 31, 2014 (in thousands) (3)				609,000	
Additional expected tax deductible costs of liquidation (in thousands)				(33,873)	
Estimated potential taxable income (in thousands)				$1,414,996	
Tax rate				39.6%	
Estimated potential tax liabilities (in thousands)				$ 560,338	A
Average closing price for trailing twelve months (4)	$ 35.50	$ 26.02	$ 18.32		B
Ratio to set aside (5)	100%	91%	91%		
Value per New GM Security, based on ratio to set aside	$ 35.50	$ 23.65	$ 16.65		C
Percentage allocable to each class of New GM Security	46.83%	31.20%	21.97%	100%	D = C/ (sum of C)
Amount to be set aside, as allocated to each class of New GM Security (in thousands)	$ 262,394	$ 174,847	$ 123,097	$ 560,338	E = D*A
Number of New GM Securities to be set aside	7,392,284	6,720,257	6,720,257		F = E/B
Reduction for Dividend Cash attributable to set aside New GM Securities	(29,143)	(26,493)	(26,493)		G = H*D/B
	7,363,141	6,693,764	6,693,764		
Closing price at March 31, 2014	$ 34.42	$ 24.84	$ 17.41		
Fair value of New GM Securities set aside at March 31, 2014, exclusive of Dividend Cash (in thousands)	$ 253,439	$ 166,273	$ 116,539	$ 536,251	
Add: Dividend Cash set aside at March 31, 2014 (in thousands) (6)	$ 2,209	$ —	$ —	$ 2,209	H
Fair value of New GM Securities and Dividend Cash set aside at March 31, 2014 (in thousands) (7)	$ 255,648	$ 166,273	$ 116,539	$ 538,460	

(1) Using the date of transfer of record ownership of the New GM Securities to the GUC Trust from MLC on December 15, 2011, for purposes of determining the tax basis thereof.

(2) The highest closing prices for the New GM Common Stock, the New GM Series A Warrants and the New GM Series B Warrants occurred on December 17, 2013.

(3) The net capital gains and operating losses through March 31, 2014 reflects taxable capital gains on distributions and sales of New GM Securities using the tax basis of the New GM Securities described in (1) above.

(4) The average closing prices for the New GM Common Stock, the New GM Series A Warrants and the New GM Series B Warrants for the period April 1, 2013, through March 31, 2014.

(5) The "ratio to set aside" is calculated by dividing the number of New GM Securities of each class authorized for distribution under the Plan (i.e., 150,000,000 shares of New GM Common Stock and 136,363,635 of each series of New GM Warrants) by the number of shares of New GM Common Stock authorized for distribution under the Plan.

(6) Represents dividends received on New GM Common Stock held by the GUC Trust associated with the number of set-aside shares of New GM Common Stock.

(7) As of March 31, 2014, the fair value of New GM Securities set aside to fund Taxes on Distribution was lower than estimates of potential Taxes on Distribution, because the fair value of such New GM Securities was based on current closing prices that were lower than the trailing twelve month average prices used to determine the numbers of New GM Securities to be set aside. Nevertheless, the GUC Trust Administrator believes that the New GM Securities currently set aside for such purposes will still be sufficient, upon liquidation, to satisfy such obligations, in large part because, as a conservative measure, the calculation methodology estimates potential taxable gains using the highest closing prices of the New GM Securities since December 15, 2011 (whereas actual taxable gains will be determined using the prices of such securities upon disposition by the GUC Trust) and a tax basis established as of December 15, 2011, the date of transfer of record ownership of the New GM Securities to the GUC Trust (as opposed to the date of transfer of beneficial ownership).

It is the view of the GUC Trust Administrator, after consultation with the GUC Trust Monitor and other professionals retained by the GUC Trust, that the calculation methodologies described above, on the basis of which New GM Securities are set aside from distribution, generally estimate the projected liquidation and administrative costs and potential tax liabilities of the GUC on a conservative basis. Accordingly, it is the view of the GUC Trust Administrator and the GUC Trust Monitor that the New GM Securities currently set aside from distribution to fund such costs and liabilities would be sufficient, upon liquidation, to satisfy such obligations of the GUC Trust as of the date of this Form 10-K. However, there can be no assurance that the numbers of New GM Securities set aside will be sufficient to fund such costs and liabilities as they are actually incurred, in particular if the market price of the New GM Securities remains below the trailing twelve month average closing prices used to convert the GUC Trust's estimates of such projected costs and potential liabilities into numbers of GUC Trust Securities to be set aside, as described above. In addition, there can be no assurance that, as a result of future evaluations, additional numbers of New GM Securities will not need to be set aside or sold to fund additional costs and liabilities, beyond those that are currently included in the GUC Trust's estimates, in particular as a result of fluctuations in the market price of the New GM Securities and changes in the GUC Trust's estimates of projected costs and potential liabilities, including the possible increase in estimates of projected Dividend Taxes described under "—'Set Aside' Calculations Relating to Projected Liquidation and Administrative Costs, Including Dividend Taxes" above. See "Liquidity and Capital Resources" below.

GUC Trust Units

The table below details the changes in the numbers of GUC Trust Units outstanding or issuable during the year ended March 31, 2014:

	Year Ended March 31, 2014
Outstanding or issuable at beginning of year	30,227,314
Issued during the year (1)	1,644,941
Less: Issuable at beginning of year (2)	(28,879)
Add: Issuable at end of year (2)	10,326
Outstanding or issuable at end of year (3)	31,853,702

(1) Of the GUC Trust Units issued during the year ended March 31, 2014, 1,550,000 related to the Special Nova Scotia Distribution applicable to the Nova Scotia Settlement.

(2) The number of GUC Trust Units issuable at any time represents GUC Trust Units issuable in respect of Allowed General Unsecured Claims that were newly allowed during the fiscal quarter.

(3) The number of GUC Trust Units outstanding at any time represents GUC Trust Units issued in respect of Allowed General Unsecured Claims that were allowed in prior periods, including GUC Trust Units held by the GUC Trust for the benefit of (a) holders of Allowed General Unsecured Claims who had not yet supplied information required by the GUC Trust in order to effect the initial distribution to which they are entitled and (b) governmental entities that are precluded by applicable law from receiving distributions of GUC Trust Units and New GM Securities.

Liquidity and Capital Resources

The GUC Trust's sources of liquidity are principally the funds it holds for the payment of liquidation and administrative costs, and to a significantly lesser degree, the earnings on such funds invested by it. The GUC Trust holds such funds as cash and cash equivalents and also invests such funds in marketable securities, primarily corporate commercial paper and municipal commercial paper and demand notes, as permitted by the Plan and the GUC Trust Agreement.

During the year ended March 31, 2014, the GUC Trust's holdings of cash and cash equivalents increased approximately $13.9 million from approximately $1.0 million to approximately $14.9 million. The increase was due primarily to proceeds from the maturity and sale of marketable securities in excess of reinvestments of $32.4 million and dividends received on holdings of New GM Common Stock of $4.6 million, offset in part by cash paid for liquidation and administrative costs of $20.9 million, cash paid for Residual Wind-Down Claims of $1.7 million, and cash paid for distributions of $0.7 million.

During the year ended March 31, 2014, the funds invested by the GUC Trust in marketable securities decreased approximately $32.4 million, from approximately $76.8 million to approximately $44.4 million. The decrease was due primarily to reduced re-investments of cash in marketable securities in order to fund cash needs during the period. The GUC Trust earned approximately $76,000 in interest and dividend income on such investments during the year.

As of March 31, 2014, the GUC Trust held approximately $59.3 million in cash and cash equivalents and marketable securities. Of that amount, approximately $41.5 million (comprising approximately $30.4 million of the remaining Residual Wind-Down Assets, approximately $10.6 million of the remaining Administrative Fund and approximately $0.5 million in remaining funds designated for the Indenture Trustee / Fiscal and Paying Agent Costs), is required by the GUC Trust Agreement to be returned, upon the winding-up of the GUC Trust, to the DIP Lenders to the extent such funds are not utilized to satisfy designated Wind-Down Costs, Residual Wind-Down Claims, Residual Wind-Down Costs, Avoidance Action Defense Costs and Indenture Trustee/Fiscal Paying Agent Costs. (Of the $10.6 million of cash and cash equivalents and marketable securities remaining in the Administrative Fund, approximately $8.0 million has been separately designated for the satisfaction of certain costs and liabilities of the GUC Trust (other than Reporting Costs) and $2.6 million is available for other Wind-Down Costs, which funds must be exhausted prior to the use of any Other Administrative Cash for such purposes.) Such amounts will not at any time be available for distribution to the holders of the GUC Trust Units. In addition, of the amount of cash and cash equivalents held by the GUC Trust at March 31, 2014, approximately $4.6 million relates to Dividend Cash. As described above, Dividend Cash will be distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units in respect of New GM Common Stock that they receive, unless such dividends are in respect of shares of New GM Common Stock that are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the GUC Trust's liquidation and administrative costs, income tax liabilities or shortfalls in Residual Wind-Down Assets. The balance of cash and cash equivalents and marketable securities of approximately $13.2 million is available for the payment of certain reporting and administrative costs of the GUC Trust, and would be available in the future for distribution to the holders of the GUC Trust units, if not otherwise used to satisfy those GUC Trust obligations. See "The GUC Trust Assets" in Item 1 ("Business") above.

In addition to funds held for payment of costs of liquidation and administration and Dividend Cash, the GUC Trust also holds New GM Securities, a portion of which the GUC Trust Administrator is permitted to set aside from distribution and to sell with the approval of the Bankruptcy Court or Trust Monitor, as applicable, in order to fund additional costs and income tax liabilities (including both Dividend Taxes and Taxes on Distribution) as they become due. As of March 31, 2014, the aggregate fair value of the New GM Securities held by the GUC Trust, excluding securities set aside for liquidating distributions payable as of that date, was approximately $1,072.2 million. As of March 31, 2014, the GUC Trust Administrator had further set aside from distribution New GM Securities with an aggregate fair market value of approximately $51.6 million and related Dividend Cash of $0.2 million to fund projected liquidation and administrative costs, including Dividend Taxes, and New GM Securities with an aggregate fair market value of approximately $536.3 million and related Dividend Cash of $2.2 million to fund potential Taxes on Distribution. See "Net Assets in Liquidation—Distributable Assets" above.

There is no assurance that additional numbers of New GM Securities will not be required to be set aside from distribution and sold to fund additional costs and income tax liabilities, beyond what the GUC Trust Administrator has already set aside. Any sales of New GM Securities that occur to fund such obligations will result in a lesser amount of New GM Securities available for distribution to holders of GUC Trust Units. In addition, as described above under the headings "The GUC Trust Assets" in Item 1 ("Business") above a portion of the GUC Trust's assets are currently segregated pursuant to the GUC Trust Agreement for the satisfaction of Residual Wind-Down Claims and certain other specified costs. If such assets are insufficient to satisfy the Residual Wind-Down Claims or fund such other specified costs for any reason, the GUC Trust Administrator will similarly be required to set aside from distribution and sell additional New GM Securities in order to fund such shortfall.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

Disclosure under this item is not required, pursuant to the No Action Letter.

Item 8. Financial Statements and Supplementary Data.

Motors Liquidation Company GUC Trust

Financial Statements

Table of Contents

Report of Independent Registered Public Accounting Firm

To the Trust Administrator, Trust Monitor,
and Trust Beneficiaries
Motors Liquidation Company GUC Trust

We have audited the accompanying statements of net assets in liquidation of the Motors Liquidation Company GUC Trust as of March 31, 2014 and 2013 and the related statements of changes in net assets in liquidation and cash flows for the years ended March 31, 2014, 2013 and 2012. These financial statements are the responsibility of the Trust Administrator of the Motors Liquidation Company GUC Trust. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Motors Liquidation Company GUC Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Motors Liquidation Company GUC Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets in liquidation of the Motors Liquidation Company GUC Trust as of March 31, 2014 and 2013 and the related statements of changes in net assets in liquidation and cash flows for the years ended March 31, 2014, 2013 and 2012, in conformity with accounting principles generally accepted in the United States of America.

/s/ Plante & Moran, PLLC

Auburn Hills, Michigan
May 22, 2014

Motors Liquidation Company GUC Trust
STATEMENTS OF NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
March 31, 2014 and 2013
(Dollars in thousands)

	March 31, 2014	March 31, 2013
ASSETS		
Cash and Cash Equivalents	$ 14,932	$ 1,010
Marketable Securities	44,382	76,796
Holdings of New GM Securities (Note 6)	1,114,078	1,591,110
Other Assets and Deposits	1,502	1,815
TOTAL ASSETS	1,174,894	1,670,731
LIABILITIES		
Accounts Payable and Other Liabilities	3,105	6,782
Liquidating Distributions Payable (Note 5)	42,111	16,555
Deferred Tax Liability (Note 9)	—	164,845
Reserves for Residual Wind Down Claims (Note 8)	28,698	30,855
Reserves for Expected Costs of Liquidation (Note 8)	36,486	61,513
TOTAL LIABILITIES	110,400	280,550
NET ASSETS IN LIQUIDATION (Note 4)	$ 1,064,494	$ 1,390,181

See Accompanying Notes to Financial Statements.

Motors Liquidation Company GUC Trust
STATEMENTS OF CHANGES IN NET ASSETS IN LIQUIDATION (LIQUIDATION BASIS)
YEARS ENDED March 31, 2014, 2013 and 2012
(Dollars in thousands)

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Net Assets in Liquidation, beginning of year	$ 1,390,181	$ 1,369,239	$ —
Increase (decrease) in net assets in liquidation:			
Transfer of interest in New GM Securities from Motors Liquidation Company	—	—	9,900,699
Reductions (additions) to reserves for Expected Costs of Liquidation	7,910	(17,488)	(52,993)
Incurrence of funding obligation to Avoidance Action Trust	—	—	(13,715)
Liquidating distributions (Note 5)	(1,205,764)	(29,389)	(7,883,466)
Net change in fair value of holdings of New GM Securities	702,654	123,936	(472,801)
Interest income and dividends	4,668	145	98
Income tax benefit (provision) (Note 9)	164,845	(56,262)	(108,583)
Net (decrease) increase in net assets in liquidation	(325,687)	20,942	1,369,239
Net Assets in Liquidation, end of year	$ 1,064,494	$ 1,390,181	1,369,239

See Accompanying Notes to Financial Statements.

Motors Liquidation Company GUC Trust
STATEMENTS OF CASH FLOWS (LIQUIDATION BASIS)
YEARS ENDED March 31, 2014, 2013 and 2012
(Dollars in thousands)

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Cash flows from (used in) operating activities			
Cash receipts from interest and dividends	$ 4,658	$ 151	$ 98
Cash paid for professional fees, governance costs and other administrative costs	(20,948)	(39,263)	(21,385)
Cash paid for Residual Wind-Down Claims	(1,678)	(1,387)	(1,560)
Cash paid for distributions in lieu of shares and warrants	(663)	(668)	—
Net cash flows used in operating activities	(18,631)	(41,167)	(22,847)
Cash flows from (used in) investing activities			
Cash used to purchase marketable securities	(118,162)	(187,427)	(340,828)
Cash from maturities and sales of marketable securities	150,576	185,721	265,725
Net cash flows from (used in) investing activities	32,414	(1,706)	(75,103)
Cash flows from (used in) financing activities			
Cash transfer from Motors Liquidation Company to fund Expected Costs of Liquidation	—	—	62,306
Cash transfer from Motors Liquidation Company to fund Residual Wind-Down Claims	—	—	33,807
Cash from sale of New GM Securities for Avoidance Action Trust	—	—	13,715
Cash from sale of New GM Securities to fund Expected Costs of Liquidation	—	17,969	26,518
Cash from sale of New GM Securities for distribution in lieu of shares and warrants	139	1,233	—
Cash transferred to the Avoidance Action Trust	—	(13,715)	—
Net cash flows from financing activities	139	5,487	136,346
Net increase (decrease) in cash and cash equivalents	13,922	(37,386)	38,396
Cash and cash equivalents, beginning of year	1,010	38,396	—
Cash and cash equivalents, end of year	$ 14,932	$ 1,010	38,396

The GUC Trust has not presented a reconciliation from net income to cash flow from operations. As an entity in liquidation, the GUC Trust does not have continuing operations that result in the measurement of net income as that term is used by generally accepted accounting principles to measure results of operations.

See Accompanying Notes to Financial Statements.

Motors Liquidation Company GUC Trust
Notes to Financial Statements
March 31, 2014

1. Purpose of Trust

The Motors Liquidation Company GUC Trust ("GUC Trust") is a successor to Motors Liquidation Company (formerly known as General Motors Corp.) ("MLC") within the meaning of Section 1145 of the United States Bankruptcy Code ("Bankruptcy Code"). The GUC Trust holds, administers and directs the distribution of certain assets pursuant to the terms and conditions of the Amended and Restated Motors Liquidation Company GUC Trust Agreement (the "GUC Trust Agreement"), dated as of June 11, 2012 and as amended from time to time, and pursuant to the Second Amended Joint Chapter 11 Plan (the "Plan"), dated March 18, 2011, of MLC and its debtor affiliates (collectively, along with MLC, the "Debtors"), for the benefit of holders of allowed general unsecured claims against the Debtors ("Allowed General Unsecured Claims").

The GUC Trust was formed on March 30, 2011, as a statutory trust under the Delaware Statutory Trust Act, for the purposes of implementing the Plan and distributing the GUC Trust's distributable assets. The Plan generally provides for the distribution of certain shares of common stock ("New GM Common Stock") of the new General Motors Company ("New GM") and certain warrants for the purchase of shares of such stock (the "New GM Warrants," and, together with the New GM Common Stock, the "New GM Securities") to holders of Allowed General Unsecured Claims *pro rata* by the amount of such claims. In addition, the Plan provides that each holder of an Allowed General Unsecured Claim will obtain, in the form of GUC Trust Units (as defined below), a contingent right to receive, on a *pro rata* basis, additional shares of New GM Common Stock and New GM Warrants (if and to the extent such New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims (as defined below) or liquidation for the payment of the expenses of the GUC Trust) and cash, if any, remaining at the dissolution of the GUC Trust.

The GUC Trust is administered by Wilmington Trust Company, solely in its capacity as the trust administrator and trustee (the "GUC Trust Administrator"). Among other rights and duties, subject to the terms, conditions and limitations set forth in the GUC Trust Agreement, the GUC Trust Administrator has the power and authority to hold, manage, sell, invest and distribute the assets comprising the GUC Trust corpus, consult with and retain professionals for the administration of the GUC Trust, prosecute and resolve objections to Disputed General Unsecured Claims, take all necessary actions to administer the wind-down of the affairs of the Debtors upon their dissolution, and upon such dissolution, resolve and satisfy, to the extent allowed, the Residual Wind-Down Claims (as defined below). The activities of the GUC Trust Administrator are overseen by FTI Consulting, Inc., solely in its capacity as monitor (the "GUC Trust Monitor").

2. Plan of Liquidation

On March 31, 2011, the date the Plan became effective (the "Effective Date"), there were approximately $29,771 million in Allowed General Unsecured Claims. In addition, as of the Effective Date, there were approximately $8,154 million in disputed general unsecured claims which reflects liquidated disputed claims and a Bankruptcy Court ordered distribution reserve for unliquidated disputed claims ("Disputed General Unsecured Claims"), but does not reflect potential Term Loan Avoidance Action Claims. The total aggregate amount of general unsecured claims, both allowed and disputed, asserted against the Debtors, inclusive of the potential Term Loan Avoidance Action Claims, was approximately $39,425 million as of the Effective Date.

Pursuant to the GUC Trust Agreement, holders of Disputed General Unsecured Claims become entitled to receive a distribution of New GM Securities from the GUC Trust if, and to the extent that, such Disputed General Unsecured Claims become Allowed General Unsecured Claims. Under the GUC Trust Agreement, the GUC Trust Administrator has the authority to file objections to such Disputed General Unsecured Claims and the Bankruptcy Court has extended the time by which the GUC Trust may object to Disputed General Unsecured Claims and Administrative Expenses as defined in the Plan to September 16, 2014 (which date may be further extended by application to the Bankruptcy Court). Such claims may be prosecuted through alternative dispute resolution proceedings, including mediation and arbitration ("ADR Proceedings"), if appropriate. As of March 31, 2014, there were approximately $79.5 million in Disputed General Unsecured Claims, which amount has been significantly reduced from approximately $8,154 million as of the Effective Date.

To the extent that all or a portion of a Disputed General Unsecured Claim is deemed invalid—or "disallowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is disallowed is not entitled to a distribution from the GUC Trust (subject to any appeal rights of the claimant). However, to the extent that a Disputed General Unsecured Claim is fully resolved, and such resolution results in all or a portion of the original Disputed General Unsecured Claim being deemed valid—or "allowed"—by order of the Bankruptcy Court, by order of the tribunal presiding over the ADR Proceeding (if applicable), or by settlement with the GUC Trust, such portion of the Disputed General Unsecured Claim that is allowed will be considered an Allowed General Unsecured Claim on the Effective Date (such claims, "Resolved Disputed Claims").

Only one Avoidance Action, captioned Official Committee of Unsecured Creditors of Motors Liquidation Co. v. JPMorgan Chase Bank, N.A. et al., Adv. Pro. No.09-00504 (Bankr. S.D.N.Y. July 31, 2009) (the "Term Loan Avoidance Action"), was commenced prior to the statutory deadline for commencing such actions. The Term Loan Avoidance Action was commenced by the Official Committee of Unsecured Creditors of Motors Liquidation Company (the "Committee"), and seeks the return of approximately $1.5 billion that had been transferred by the Debtors (with funds advanced after the commencement of the Debtors' chapter 11 cases by the United States Treasury and Export Development Canada (together, the "DIP Lenders")) to a consortium of prepetition lenders pursuant to the terms of the order of the Bankruptcy Court. On December 15, 2011, in accordance with the Plan, upon the dissolution of MLC, the Term Loan Avoidance Action was transferred to the Avoidance Action Trust (as defined below). To the extent that Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trustee and trust administrator of the Avoidance Action Trust (the "Avoidance Action Trust Administrator") is successful in obtaining a judgment against the defendant(s) to the Term Loan Avoidance Action, Allowed General Unsecured Claims will arise in the amount of any transfers actually avoided (that is, disgorged) pursuant thereto (such general unsecured claims "Term Loan Avoidance Action Claims," and together with Resolved Disputed Claims, the "Resolved Allowed Claims").

It is still unclear whether any amounts actually avoided pursuant to the Term Loan Avoidance Action would be for the benefit of holders of Allowed General Unsecured Claims. The Committee has taken the position that (a) the DIP Lenders are not entitled to any proceeds of the Term Loan Avoidance Action and have no interests in the trust established for the action under the Plan (the "Avoidance Action Trust") and (b) the holders of Allowed General Unsecured Claims have the exclusive right to receive any and all proceeds of the Term Loan Avoidance Action, and are the exclusive beneficiaries of the Avoidance Action Trust with respect thereto.

Litigation with respect to these issues is ongoing (with the Term Loan Avoidance Action currently pending before the U.S. Court of Appeals for the Second Circuit), and the rights to any recoveries on the Term Loan Avoidance Action are still disputed. In no event, however, will any funds reclaimed from the pre-petition lenders be transferred to or otherwise benefit the GUC Trust or be distributed to holders of GUC Trust Units.

GUC Trust Distributable Assets

Pursuant to the terms of the Plan, the Bankruptcy Court authorized the distribution of 150 million shares of New GM Common Stock issued by New GM, warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at $10.00 per share ("New GM Series A Warrants"), and warrants to acquire 136,363,635 newly issued shares of New GM Stock with an exercise price set at $18.33 per share ("New GM Series B Warrants"), (such securities, "New GM Securities"). Record ownership of the New GM Securities was held by MLC for the benefit of the GUC Trust until the dissolution of MLC on December 15, 2011, at which time record ownership was transferred to the GUC Trust.

Funding for GUC Trust Costs of Liquidation

The GUC Trust has incurred and will continue to incur certain costs to liquidate the trust assets and implement the Plan. On or about the Effective Date, pursuant to the Plan, MLC contributed approximately $52.7 million to the GUC Trust to be held and maintained by the GUC Trust Administrator (as the "GUC Trust Administrative Fund") for the purpose of paying certain fees and expenses (including certain tax obligations) incurred by the GUC Trust (including fees of the GUC Trust Administrator and the GUC Trust Monitor and the fees and expenses for professionals retained by the GUC Trust), other than the Reporting Costs, as defined below ("Wind-Down Costs"). As of March 31, 2014, the remaining Administrative Fund aggregated $11.6 million (consisting of cash and cash equivalents and marketable securities aggregating $10.6 million and prepaid expenses of $1.0 million). Of that amount, approximately $8.0 million has been separately designated for the satisfaction of certain costs and liabilities of the GUC Trust (other than Reporting Costs (as defined below)) and $3.6 million is available for other Wind-Down Costs, which funds must be exhausted prior to the use of any Other Administrative Cash (as defined below) for such purposes. Cash or investments from the GUC Trust Administrative Fund, if any, which remain at the winding up and conclusion of the GUC Trust must be returned to the DIP Lenders.

The GUC Trust Agreement authorized the GUC Trust to liquidate approximately $5.7 million of New GM Securities (the "Initial Reporting Cash") shortly after the Effective Date for the purposes of funding certain fees and expenses of the GUC Trust (the "Reporting Costs"), including those directly or indirectly relating to (i) reports to be prepared and filed by the GUC Trust pursuant to applicable rules, regulations and interpretations of the Securities and Exchange Commission, (ii) the transfer, registration for transfer and certification of GUC Trust Units, and (iii) the application by the Committee (as defined below) to the Internal Revenue Service for a private letter ruling regarding the tax treatment of the GUC Trust and the holders of Allowed General Unsecured Claims in respect to the distribution of New GM Securities. The GUC Trust Agreement provides that the Administrative Fund may not be utilized to satisfy any Reporting Costs.

The GUC Trust Agreement provides that, if the GUC Trust Administrator determines that the Administrative Fund is not sufficient to satisfy the current or projected Wind-Down Costs or the Initial Reporting Cash is not sufficient to satisfy the current or projected Reporting Costs, the GUC Trust Administrator, with the approval of the GUC Trust Monitor, is authorized to set aside New GM

Securities from distribution for these purposes. The GUC Trust Administrator may then liquidate such "set aside" New GM Securities to fund the Wind-Down Costs and/or Reporting Costs with the required approval of the Bankruptcy Court. New GM Securities that are set aside and/or sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale (including related Dividend Cash) will be classified as "Other Administrative Cash" under the GUC Trust Agreement. Although any such liquidation of set aside New GM Securities will be reflected in the financial statements of the GUC Trust at the time of liquidation, the setting aside of New GM Securities, including Dividend Cash, itself is not reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. Separate from this process of setting aside New GM Securities to satisfy unfunded projected costs and expenses of the GUC Trust, as a matter of financial reporting, the GUC Trust records a reserve in its Statement of Net Assets in Liquidation (the source of funding of which is not addressed therein) for all expected costs of liquidation for which there is a reasonable basis for estimation. For this reason, among others, there is not a direct relationship between the amount of such reserve reflected in the Statement of Net Assets in Liquidation and the value of any New GM Securities that are set aside for current or projected costs and expenses of the GUC Trust. Adjustments to the Reserve for Expected Costs of Liquidation as reported in the Statement of Net Assets in Liquidation are recorded only when there is a reasonable basis for estimation of the expected incurrence of additional costs or a reduction in expected costs. For more information regarding the Reserves for Expected Costs of Liquidation reflected in the Statement of Net Assets in Liquidation, see Note 8.

The Bankruptcy Court previously approved in March 2012, and December 2012, the sale of New GM Securities to fund the then current and projected costs and expenses of the GUC Trust. The March 2012, Bankruptcy Court order also authorized the sale of further New GM Securities for the purpose of funding certain fees, costs and expenses of the Avoidance Action Trust (as described below under the heading "—Funding for Avoidance Action Trust"). Through March 31, 2013, sales of New GM Securities to fund projected Reporting Costs and Wind-Down Costs through calendar year 2013 aggregated approximately $50.2 million, including the Initial Reporting Cash (which amounts comprised part of the GUC Trust's Other Administrative Cash). Such securities sold aggregated 902,228 shares of New GM Common Stock, 820,205 New GM Series A Warrants and 820,205 New GM Series B Warrants. There have been no subsequent sales of securities to fund Wind-Down Costs and Reporting Costs.

As of March 31, 2014, Other Administrative Cash aggregated $13.2 million. To the extent that any of the Other Administrative Cash is not ultimately required and is held by the GUC Trust at the time of its dissolution, such remaining Other Administrative Cash will be distributed by the GUC Trust to holders of the GUC Trust Units.

As of March 31, 2014, New GM Securities with an aggregate fair market value as of that date of $51.6 million and related Dividend Cash of $0.2 million have been set aside for projected GUC Trust fees, costs and expenses to be incurred beyond 2014, including $3.5 million set aside for projected income taxes on dividends received or declared on holdings of New GM common Stock as described below in "Funding for Potential Tax Liabilities on Dispositions of New GM Securities and Dividends on New GM Common Stock". Accordingly, such New GM Securities are currently not available for distribution to the beneficiaries of the GUC Trust Units.

Funding for Potential Tax Liabilities on Dispositions of New GM Securities and Dividends on New GM Common Stock

The GUC Trust is subject to U.S. federal income tax on realized net gains from the distribution and sale of shares of New GM Common Stock and New GM Warrants (such taxes, "Taxes on Distribution"). The GUC Trust is also subject to U.S. federal income tax on dividends received on New GM Common Stock held by the GUC Trust (such taxes, "Dividend Taxes"). The GUC Trust Agreement provides that the Administrative Fund may not be utilized to satisfy any Taxes on Distribution or Dividend Taxes. As such, the GUC Trust Administrator is authorized, with the approval of the GUC Trust Monitor, to set aside from distribution certain numbers of New GM Securities, the liquidated proceeds of which, along with the related Dividend Cash, would be sufficient to satisfy any potential Taxes on Distribution or Dividend Taxes. The New GM Securities that are set aside for Dividend Taxes are included in the set-aside for Wind-Down Costs described above in "Funding for GUC Trust Costs of Liquidation". The GUC Trust Administrator may then liquidate such "set aside" New GM Securities to fund the Taxes on Distribution or Dividend Taxes, with the approval of the GUC Trust Monitor, but, with respect to Taxes on Distributions, without the necessity of obtaining approval of the Bankruptcy Court. New GM Securities that are set aside and subsequently sold in this manner will not be available for distribution to the beneficiaries of GUC Trust Units, and the cash proceeds of any such sale, along with the related Dividend Cash, will be classified as "Other Administrative Cash" under the GUC Trust Agreement. New GM Securities that have been so set aside are included in Holdings of New GM Securities in the accompanying Statement of Net Assets in Liquidation. In the event such set-aside New GM Securities were sold to fund Taxes on Distribution or Dividend Taxes, the proceeds of such sale would be reflected in Cash and Cash Equivalents and/or Marketable Securities until expended to pay Taxes on Distribution or Dividend Taxes. While the set-aside New GM Securities and the related Dividend Cash are not available for distribution, there is no corresponding liability or reserve related to such set aside assets reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust.

During the year ended March 31, 2014, the GUC Trust Administrator reviewed the current and potential Taxes on Distribution. As a result of such review, the GUC Trust Administrator determined that New GM Securities with an aggregate fair market value (as of March 31, 2014) of $536.3 million and related Dividend Cash of $2.2 million should be set aside for potential Taxes on Distribution based on (1) the GUC Trust's method for calculating potential net gains on distributions or sales of New GM Securities (reduced by carryforward net operating and capital losses and future deductible expenses at March 31, 2014) and (2) the GUC Trust's method for converting the potential tax liability to the number of securities to be set aside. Such New GM Securities are not currently available for distribution to the beneficiaries of GUC Trust Units. The GUC Trust Administrator intends to continue to reevaluate the numbers of New GM Securities set aside on a quarterly basis.

As previously disclosed, during the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the position that beneficial ownership for a substantial majority of New GM Securities was transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that the transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. Subsequently, the GUC Trust filed its U.S. federal income tax return for the year ended March 31, 2013 with the Internal Revenue Service using the new tax position described above. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011. The new tax position has not been sustained on examination by the Internal Revenue Service as of the date hereof. However, the GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position will be sustained on examination by the Internal Revenue Service based on the technical merits of the position. Accordingly, this new tax position has been reflected in the amounts recognized in current and deferred income tax liabilities and the income tax benefit (provision) in the GUC Trust's financial statements since September 30, 2013. By contrast, as a conservative measure, the calculation of the "set aside" of New GM Securities for potential Taxes on Distribution utilizes the prior tax position rather than the new tax position. The calculation of the "set aside" of New GM Securities for potential Taxes on Distribution will not reflect the new tax position unless and until the new tax position has been sustained on examination by the Internal Revenue Service, or the liability of the GUC Trust for Taxes on Distribution otherwise has been finally determined in accordance with Section 505(b) of the Bankruptcy Code, for all applicable income tax returns, including the GUC Trust's U.S. federal income tax returns for the year ended March 31, 2014 and subsequent years.

Funding for Avoidance Action Trust

Based on an analysis of the Avoidance Action Trust and its potential funding sources, the GUC Trust Administrator, in conjunction with the Avoidance Action Trust Administrator, determined that it would be in the best interest of the holders of Allowed General Unsecured Claims to fund certain fees, costs and expenses of the Avoidance Action Trust, subject to approval of the Bankruptcy Court. In March 2012, the Bankruptcy Court approved the sale of New GM Securities aggregating approximately $13.7 million and the transfer of the sales proceeds to the Avoidance Action Trust for such funding. The sale occurred in March 2012, comprising 269,422 shares of New GM Common Stock, 244,929 New GM Series A Warrants and 244,929 New GM Series B Warrants. The sales proceeds were transferred to the Avoidance Action Trust in May 2012.

Residual Wind-Down Claims and Costs

Upon the dissolution of the Debtors, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining disputed administrative expenses, priority tax claims, priority non-tax claims and secured claims (the "Residual Wind-Down Claims"). On December 15, 2011, under the Plan, the Debtors transferred to the GUC Trust an amount of cash necessary (the "Residual Wind-Down Assets") to satisfy the ultimate allowed amount of such Residual Wind-Down Claims (including certain litigation defense costs related to the Term Loan Avoidance Action (the "Avoidance Action Defense Costs")), as estimated by the Debtors, and the costs, fees and expenses relating to satisfying and resolving the Residual Wind-Down Claims (the "Residual Wind-Down Costs"). The Residual Wind-Down Assets initially aggregated approximately $42.8 million (which amount consisted of approximately $40.0 million in cash, including approximately $1.4 million for the payment of Avoidance Action Defense Costs, and the transferred benefit of approximately $2.8 million in prepaid expenses). Should the Residual Wind-Down Costs and the Residual Wind-Down Claims be less than the Residual Wind-Down Assets, any excess funds will be returned to the DIP Lenders. If at any time the GUC Trust Administrator determines that the Residual Wind-Down Assets are not adequate to satisfy the Residual Wind-Down Claims (including the actual amount of Avoidance Action Defense Costs) and Residual Wind-Down Costs, such costs will be satisfied by Other Administrative Cash. If there is no remaining Other Administrative Cash, the GUC Trust Administrator is authorized to, with GUC Trust Monitor approval, set aside and, with Bankruptcy Court approval, sell New GM Securities to cover the shortfall. To the extent that New GM Securities are set aside and sold to obtain funding to complete the wind-down of the Debtors, such securities will not be available for distribution to the beneficiaries of the GUC Trust. Therefore, the amount of Residual Wind-Down Claims and Residual Wind-Down Costs could reduce the assets of the GUC Trust available for distribution. Although any such sale of set aside New GM Securities would be reflected in the financial statements of the GUC Trust in the period of sale, the setting aside of New GM Securities and related Dividend Cash itself would not be reflected in the Statement of Net Assets in Liquidation or any of the other financial statements of the GUC Trust. After the GUC Trust has concluded its affairs, any funds remaining that were obtained from the sale of New GM Securities to fund the wind-down process or the resolution and satisfaction of the Residual Wind-Down Claims will be distributed to the holders of the GUC Trust Units.

The amount of Avoidance Action Defense Costs incurred to date exceeds the corresponding cash of $1.4 million received by the GUC Trust from MLC on the Dissolution Date by approximately $0.7 million. As a result new Residual Wind-Down Claims have arisen in the amount of such excess. It is expected that additional Avoidance Action Defense Costs will be incurred for which additional Residual Wind-Down Claims will arise to be paid from the other remaining Residual Wind-Down Assets and, following the depletion of such assets, Other Administrative Cash or the sale of New GM Securities. As of March 31, 2014, $30.5 million in Residual Wind-Down Assets were held by the GUC Trust, which are recorded in cash and cash equivalents, marketable securities, and other assets and deposits in the accompanying Statement of Net Assets in Liquidation. By comparison, there were approximately $13.1 million in Residual Wind-Down Claims against such assets as of March 31, 2014, subject to increase for new Residual Wind-Down Claims that are expected to arise for Avoidance Action Defense Costs.

In addition to the Residual Wind-Down Assets, the GUC Trust also received on the Dissolution Date approximately $3.4 million in cash from MLC for the purposes of funding (1) $1.4 million in respect of certain costs, fees and expenses payable under the Plan to the indenture trustees and fiscal and paying agents for the previously outstanding debt of MLC, or the Indenture Trustee / Fiscal and Paying Agent Costs, and (2) $2.0 million in respect of Reporting Costs. The funds received were credited to the reserve for expected costs of liquidation. Any unused portion of the funds designated for the Indenture Trustee / Fiscal and Paying Agent Costs must be returned to the DIP Lenders and will not be available for distribution to the holders of GUC Trust Units at the winding up and conclusion of the GUC Trust. As of March 31, 2014, funds designated for the Indenture Trustee / Fiscal and Paying Agents Costs held by the GUC Trust approximated $0.5 million and are recorded in cash and cash equivalents in the accompanying Statement of Net Assets in Liquidation.

3. Basis of Presentation and Significant Accounting Policies

Liquidation Basis of Accounting

The GUC Trust exists solely for the purposes described above in Note 1 and has a finite life. Accordingly, the GUC Trust has prepared the accompanying financial statements on the liquidation basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Under the liquidation basis of accounting as prescribed by the Financial Accounting Standards Board (FASB) Accounting Standards Codification, assets are stated at their estimated net realizable value, which is the non-discounted amount of cash into which an asset is expected to be converted during the liquidation period, while liabilities continue to be recognized at the amount required by other U.S. GAAP, and are not remeasured to reflect any anticipation that an entity will be legally released from an obligation. Additionally, under the liquidation basis of accounting, a reserve is established for estimated costs expected to be incurred during the liquidation period. Such costs are accrued when there is a reasonable basis for estimation. These estimates are periodically reviewed and adjusted as appropriate. The valuation of assets at net realizable value, reserves for residual wind-down claims and reserves for expected liquidation costs represent estimates, based on present facts and circumstances known to the GUC Trust Administrator, and are subject to change.

As described above, the beneficiaries of the GUC Trust are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units ("Trust Beneficiaries"). As Disputed General Unsecured Claims are resolved and allowed and thereby become Allowed General Unsecured Claims, the holders thereof become entitled to receive liquidating distributions of New GM Securities (and the related Dividend Cash) and GUC Trust Units *pro rata* by the amount of such Claims and, upon such occurrence, the GUC Trust incurs an obligation to distribute such securities. Accordingly, liquidating distributions payable are recorded (at the fair value of such New GM Securities and the related Dividend Cash) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims (as defined below) were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities and the related Dividend Cash (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence. Prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims. Rather, the beneficial interests of Trust Beneficiaries in the residual assets of the GUC Trust are reflected in Net Assets in Liquidation of the GUC Trust in the accompanying financial statements.

Under the liquidation basis of accounting, the GUC Trust presents two principal financial statements: a Statement of Net Assets in Liquidation and a Statement of Changes in Net Assets in Liquidation. In addition, although not required under the liquidation basis of accounting, the GUC Trust also presents a Statement of Cash Flows, in accordance with the requirements of the GUC Trust Agreement.

Fiscal Year

The GUC Trust's fiscal year begins on April 1 and ends on the following March 31. As the GUC Trust was created on March 30, 2011 and the Effective Date of the Plan was March 31, 2011, for financial reporting purposes, the GUC Trust is assumed to have been established as of April 1, 2011 and received its initial funding on or about April 1, 2011.

Cash and Cash Equivalents

Cash and cash equivalents consist of amounts held in bank accounts or money market funds.

Marketable Securities

Marketable securities consist of short term investments in corporate commercial paper and municipal government commercial paper and variable demand notes. The GUC Trust has valued these securities at fair value based on carrying value for municipal and corporate commercial paper where carrying value approximates fair value and par value for variable demand notes where par value equals fair value.

Holdings of New GM Securities and Dividends Received on New GM Common Stock

Holdings of New GM Securities represent the GUC Trust's holdings of New GM Securities held for future distribution in respect of Allowed General Unsecured Claims and the GUC Trust Units, and include amounts set aside from distribution to fund estimated and projected Wind-Down and Reporting Costs (including projected Dividend Taxes) and potential Taxes on Distribution as described in Note 2. The securities held consist of shares of New GM Common Stock and New GM Warrants as further described in Notes 1 and 6. The GUC Trust has valued its holdings in the securities at their fair value based on quoted market prices as of the last trading day of the fiscal year.

Dividends on holdings of New GM Common Stock are recorded as received (or accrued as of the record date for any declared but unpaid dividends). Such dividends and any future declared dividends on New GM Common Stock are required to be applied to the same purpose as the New GM Common Stock to which such dividends relate. If shares of New GM Common Stock are distributed to holders of subsequently Resolved Allowed Claims and GUC Trust Units, then the dividends relating to those shares will also be distributed to such holders. If, however, shares of New GM Common Stock are sold by the GUC Trust in accordance with the GUC Trust Agreement to fund the costs and liabilities of the GUC Trust, then, in that case the dividends relating to those shares will be applied to such costs and liabilities of the GUC Trust and (just like the cash proceeds from the sale of the shares of New GM Common Stock) will be maintained in Other Administrative Cash. Because such dividends are applied to the same purpose as the New GM Common Stock, references to New GM Common Stock and New GM Securities that have been set aside from distribution, reserved or sold should be understood to include the dividends (if any) relating to such New GM Common Stock, unless expressly indicated otherwise. The amount of cash and cash equivalents held by the GUC Trust that relates to dividends received by the GUC Trust on New GM Common Stock held by the GUC Trust is referred to as Dividend Cash.

Other Assets and Deposits

Other assets and deposits consist principally of prepaid insurance, prepaid expenses and retainers for professionals.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities represent amounts due to professionals, service providers, and vendors for services rendered or goods received through the end of the period.

Income Taxes

The GUC Trust is considered to be a "Disputed Ownership Fund" pursuant to Treasury Regulation Section 1.468B-9. Because all of the assets that have been transferred to the GUC Trust are passive investments, the GUC Trust is taxed as a Qualified Settlement Fund (or QSF) pursuant to Treasury Regulation Section 1.468B-9(c)(1)(ii). The QSF tax status of the GUC Trust has been approved by the Internal Revenue Service in a private letter ruling issued on March 2, 2011. In general, a QSF is considered to be a C Corporation but pays Federal income tax using trust income tax rates on its modified gross income. Modified gross income includes gross income pursuant to Internal Revenue Code Section 61 less administrative expenses, certain losses from the sale, exchange or worthlessness of property, and net operating losses. In general, a Disputed Ownership Fund taxed as a QSF does not recognize gross income on assets transferred to it; therefore, the GUC Trust has not recognized gross income on the transfer of assets from MLC.

The GUC Trust is currently expected to generate gross income in the form of interest income and dividends on New GM Common Stock and recognize gains and/or losses upon its disposition of shares of New GM Common Stock and New GM Warrants which it now holds, which will be reduced by administrative expenses and any accumulated net operating and capital losses, to compute modified gross income. During the year ended March 31, 2014, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities was transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. Accordingly, the GUC Trust filed its U.S. federal income tax returns for the year ended March 31, 2013 with the Internal Revenue Service using the new tax position. Such new tax position, however, as of the date hereof, has not been sustained on examination by the Internal Revenue Service.

As the GUC Trust is taxable for Federal income tax purposes, a current income tax liability or asset, if any, is recognized for estimated taxes payable or receivable for the year. Deferred tax liabilities and assets are recognized for the estimated future tax effects of temporary differences between financial reporting and tax accounting. Deferred tax assets are reviewed for recoverability and valuation allowances are provided as necessary.

The GUC Trust is not subject to state income taxes under current law. Accordingly, no current or deferred state income tax liabilities and assets are recorded.

The GUC Trust recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. The GUC Trust's Federal income tax returns for the years ended March 31, 2012 and 2013 are no longer subject to examination as a result of the application of Section 505(b) of the Bankruptcy Code. However, net operating and capital loss carryovers generated in the years ended March 31, 2012 and 2013, could be subject to examination by the Internal Revenue Service in subsequent years when the losses are utilized. As of March 31, 2014, there are no known items which would result in a significant accrual for uncertain tax positions.

Reserves for Residual Wind-Down Claims and Residual Wind-Down Costs

Upon the dissolution of MLC, which occurred on December 15, 2011, the GUC Trust became responsible for resolving and satisfying (to the extent allowed) all remaining Residual Wind-Down Claims. On the date of dissolution of the Debtors, the Debtors transferred to the GUC Trust cash in an amount necessary to satisfy the ultimate allowed amount of such Residual Wind-Down Claims and Residual Wind-Down Costs, as estimated by the Debtors. Should the Residual Wind-Down Claims and the Residual Wind-Down Costs be less than the cash amount transferred by the Debtors, any excess funds will be returned to the DIP Lenders.

Reserves for Expected Costs of Liquidation

Under the liquidation basis of accounting, the GUC Trust is required to estimate and accrue the costs associated with implementing the Plan and distributing the GUC Trust's distributable assets. These costs, described as Wind-Down Costs and Reporting Costs in Note 2, consist principally of professional fees, costs of governance, and other administrative expenses. These amounts may vary significantly due to, among other things, the time and effort required to complete all distributions under the Plan. The GUC Trust has recorded reserves for expected costs of liquidation that represent estimated costs to be incurred over the remaining liquidation period of the GUC Trust for which there is a reasonable basis for estimation. The amount of liquidation costs that will ultimately be incurred depends both on the period of time and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement.

Significant uncertainty remains both as to that time period and as to the extent of those activities. As of March 31, 2014, such remaining liquidation period has been estimated on a probability-weighted basis, which the GUC Trust believes is the most appropriate measurement basis in the circumstances. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

As the GUC Trust incurs such costs, the reserves are released to offset the costs incurred and a liability to the service provider is recognized as an accounts payable or accrued expense until paid.

The process of recording reserves as a matter of financial reporting is separate and distinct from the process by which New GM Securities (including related Dividend Cash) are set aside from distribution for the purposes of funding estimated and projected Wind-Down and Reporting Costs and potential Taxes on Distribution as described in Note 2.

Use of Estimates

The preparation of financial statements on a liquidation basis in conformity with U.S. GAAP requires the use of estimates and assumptions that affect reported amounts of assets and liabilities. These estimates are subject to known and unknown risks, uncertainties and other factors that could materially impact the amounts reported and disclosed in the financial statements and related footnotes. Significant estimates include the anticipated amounts and timing of future cash flows for expected liquidation costs, Residual Wind-Down Claims, fair value of marketable securities and the fair value of New GM Warrants held by MLC for the benefit of the GUC Trust on April 1, 2011. Actual results could differ from those estimates.

New Accounting Standard

In April 2013, the FASB issued Accounting Standards Update No. 2013-07, Liquidation Basis of Accounting, which amended the FASB Accounting Standards Codification and provides guidance as to when an entity should apply the liquidation basis of accounting. In addition, this guidance establishes principles for the recognition and measurement of assets and liabilities and requirements for financial statements prepared using the liquidation basis of accounting. The provisions of this Accounting Standards Update are effective beginning April 1, 2014 for the GUC Trust. Such provisions require that income or cash expected to be received over the liquidation period be estimated and accrued to the extent that a reasonable basis for estimation exists. With respect to dividends on New GM Common Stock held by the GUC Trust, such dividends have been recorded as received (or accrued as of the record date for any declared but unpaid dividends) in the accompanying financial statements. The GUC Trust has not yet determined the impact the adoption of these provisions will have on its financial statements.

4. Net Assets in Liquidation

Description

Under the GUC Trust Agreement and the Plan, as described more fully in Note 1, the beneficiaries of the GUC Trust are future and, to the extent their liquidating distributions have not yet been paid to them, current holders of Allowed General Unsecured Claims and future and current holders of GUC Trust Units ("Trust Beneficiaries"). Certain assets of the GUC Trust are reserved for funding the expected costs of liquidation and potential tax liabilities and are not available to the Trust Beneficiaries. Other assets of the GUC Trust, primarily Holdings of New GM Securities, as described in Notes 1 and 6, are available to be distributed to the Trust Beneficiaries ("GUC Trust Distributable Assets") in accordance with the Plan. The amounts of net assets in liquidation presented in the accompanying Statements of Net Assets in Liquidation at March 31, 2014 and 2013 correspond to the amounts of GUC Trust Distributable Assets as of March 31, 2014 and 2013.

Trust Units

As described in Note 1, each holder of an Allowed General Unsecured Claim will retain a contingent right to receive, on a *pro rata* basis, additional shares of New GM Common Stock and New GM Warrants (if and to the extent such shares of New GM Common Stock and New GM Warrants are not required for the satisfaction of previously Disputed General Unsecured Claims or liquidation for the payment of the expenses or tax liabilities of the GUC Trust) and certain cash, if any, remaining at the dissolution of the GUC Trust. The GUC Trust issues units representing such contingent rights ("GUC Trust Units") at the rate of one GUC Trust Unit per $1,000 of Allowed General Unsecured Claims to each holder of an Allowed General Unsecured Claim, subject to rounding pursuant to the GUC Trust Agreement, in connection with the initial recognition of each Allowed General Unsecured Claim.

The GUC Trust makes quarterly liquidating distributions to holders of GUC Trust Units to the extent that certain previously Disputed General Unsecured Claims asserted against the Debtors' estates are either disallowed or are otherwise resolved favorably to the GUC Trust (thereby reducing the amount of GUC Trust assets reserved for distribution in respect of such asserted claims) and the amount of Excess GUC Trust Distributable Assets (as defined in the GUC Trust Agreement) as of the end of the relevant quarter exceeds thresholds set forth in the GUC Trust Agreement.

The following presents the changes during the years ended March 31, 2014, 2013 and 2012 in the numbers of GUC Trust Units outstanding or for which the GUC Trust was obligated to issue:

	Year Ended March 31, 2014	Year Ended March 31, 2013	Year Ended March 31, 2012
Outstanding or issuable at beginning of year	30,227,314	30,036,945	—
Issued during the year (1)	1,644,941	274,604	29,923,831
Less: Issuable at beginning of year (2)	(28,879)	(113,114)	—
Add: Issuable at end of year (2)	10,326	28,879	113,114
Outstanding or issuable at end of year (3)	31,853,702	30,227,314	30,036,945

(1) Of the 1,644,941 GUC Trust Units issued during the year ended March 31, 2014, 1,550,000 related to the Special Nova Scotia Distribution applicable to the Nova Scotia Settlement described in Note 5.

(2) The number of GUC Trust Units issuable at any time represents GUC Trust Units issuable in respect of Allowed General Unsecured Claims that were newly allowed during the fiscal quarter.

(3) The number of GUC Trust Units outstanding at any time represents GUC Trust Units issued in respect of Allowed General Unsecured Claims that were allowed in prior periods, including GUC Trust Units held by the GUC Trust for the benefit of (a) holders of Allowed General Unsecured Claims who had not yet supplied information required by the GUC Trust in order to effect the initial distribution to which they are entitled and (b) governmental entities that are precluded by applicable law from receiving distributions of GUC Trust Units and New GM Securities.

Allowed and Disputed Claims

The total cumulative *pro rata* liquidating distributions ultimately received by Trust Beneficiaries is dependent upon the current amount of Allowed General Unsecured Claims and final resolution of outstanding Disputed General Unsecured Claims and potential Term Loan Avoidance Action Claims (as described in Note 2). Disputed General Unsecured Claims at March 31, 2014 and 2013 reflect claim amounts at their originally filed amounts, a court ordered distribution "set aside" for certain claims filed without a claim amount and other adjustments as ordered by the court or permitted by the Plan. The Disputed General Unsecured Claims may settle at amounts that differ significantly from these amounts and at amounts that differ significantly from the historical pattern at which claims have been settled and allowed in proportion to claims resolved and disallowed. As described in Note 3, prior to the resolution and allowance of Disputed General Unsecured Claims (or potential Term Loan Avoidance Action Claims), liabilities are not recorded for the conditional obligations associated with Disputed General Unsecured Claims. Liquidating distributions payable are recorded (at the fair value of New GM Securities to be distributed) as of the end of the period in which the Disputed General Unsecured Claims are resolved as Allowed General Unsecured Claims. Similarly, to the extent potential Term Loan Avoidance Action Claims were to arise (and would become allowed) in the manner described in Note 2, liquidating distributions payable would be recorded for the New GM Securities (at fair value) that would become distributable to holders of Term Loan Avoidance Action Claims upon such occurrence.

The following table presents a summary of the Allowed and Disputed General Unsecured Claims and Term Loan Avoidance Action Claims for the years ended March 31, 2014 and 2013:

(in thousands)	Allowed General Unsecured Claims	Disputed General Unsecured Claims	Term Loan Avoidance Action Claims	Maximum Amount of Unresolved Claims (1)	Total Claim Amount (2)
Total, March 31, 2012	$ 30,036,882	$ 5,205,267	$1,500,000	$ 6,705,267	$36,742,149
New Allowed General Unsecured Claims	190,362	—	—	—	190,362
Disputed General Unsecured Claims resolved or disallowed	—	(1,600,396)	—	(1,600,396)	(1,600,396)
Total, March 31, 2013	30,227,244	3,604,871	1,500,000	5,104,871	35,332,115
New Allowed General Unsecured Claims	1,626,386	—	—	—	1,626,386
Disputed General Unsecured Claims resolved or disallowed	—	(3,525,371)	—	(3,525,371)	(3,525,371)
Total, March 31, 2014	$ 31,853,630	$ 79,500	$1,500,000	$ 1,579,500	$33,433,130

(1) Maximum Amount of Unresolved Claims represents the sum of Disputed General Unsecured Claims and Term Loan Avoidance Action Claims.

(2) Total Claim Amount represents the sum of Allowed General Unsecured Claims and Maximum Amount of Unresolved Claims.

On October 21, 2013, the Bankruptcy Court entered an order (the "Nova Scotia Order") approving a settlement agreement (the "Nova Scotia Settlement") relating to claims arising from the 8.375% guaranteed notes due December 7, 2015 and the 8.875% guaranteed notes due July 10, 2023, in each case issued in 2003 by General Motors Nova Scotia Finance Company (the "Nova Scotia Claims"). Pursuant to the Nova Scotia Settlement, the Nova Scotia Claims were reduced and allowed in an aggregate amount of $1.55 billion. As a result, on or about December 2, 2013, in accordance with the Nova Scotia Settlement and the Nova Scotia Order, the GUC Trust made a distribution solely to holders of the allowed Nova Scotia Claims, consisting of, in the aggregate, 6,174,015 shares of New GM Common Stock, 5,612,741 New GM Series A Warrants, 5,612,741 New GM Series B Warrants, and 1,550,000 GUC Trust Units (the "Special Nova Scotia Distribution"). In addition, on or about December 23, 2013, in accordance with the Nova Scotia Settlement and the Nova Scotia Order, the GUC Trust made a special distribution of Excess GUC Trust Distributable Assets to all holders of GUC Trust Units, consisting of 6,735,070 shares of New GM Common Stock, 6,122,789 New GM Series A Warrants, and 6,122,789 New GM Series B Warrants (the "Special Excess Distribution").

5. Liquidating Distributions

Liquidating distributions in the years ended March 31, 2014, 2013 and 2012 consisted of the following:

(in thousands)	2014	2013	2012
Distributions during the year	$1,180,208	$ 44,554	7,851,746
Less: Liquidating distributions payable at beginning of year	(16,555)	(31,720)	—
Add: Liquidating distributions payable at end of year	42,111	16,555	31,720
Total	$1,205,764	$ 29,389	7,883,466

The distributions during the year ended March 31, 2014, consisted of (1) the Special Nova Scotia Distribution, (2) the Special Excess Distribution, (3) distributions to holders of Resolved Disputed Claims (exclusive of the Nova Scotia Distribution) and (4) distributions to holders of Allowed General Unsecured Claims who previously failed to fulfill informational requirements for distribution established in accordance with the GUC Trust Agreement, but subsequently successfully fulfilled such information requirements. See Note 4 for additional information regarding the Special Nova Scotia Distribution and the Special Excess Distribution

The distributions during the year ended March 31, 2013 consisted of distributions to (1) holders of Resolved Disputed Claims and (2) holders of Allowed General Unsecured Claims who previously failed to fulfill informational requirements for distribution established in accordance with the GUC Trust Agreement, but subsequently successfully fulfilled such information requirements. The distributions during the year ended March 31, 2012 included those distributions and two distributions in respect of all outstanding GUC Trust Units.

The GUC Trust was obligated at March 31, 2014 and 2013 to distribute 575,278 and 288,600 shares, respectively, of New GM Stock, 522,865 and 262,306, respectively, of New GM Series A Warrants, and 522,865 and 262,306, respectively, of New GM Series B Warrants in the aggregate to the following: (1) holders of Resolved Disputed Claims, (2) certain holders of Allowed General Unsecured Claims who had not then satisfied certain informational requirements necessary to receive these securities and (3) excess distributions to holders of GUC Trust Units (at March 31, 2014). In addition, as of March 31, 2014 and 2013, cash of $0.2 million and $0.6 million, respectively, was then distributable to governmental entities which are precluded by applicable law from receiving distributions of New GM Securities, for distributions in lieu of fractional shares and warrants and for Dividend Cash associated with the New GM Common Stock that the GUC Trust was obligated to distribute at March 31, 2014.

6. Holdings of New GM Securities

At March 31, 2014 and 2013, the Holdings of New GM Securities, at fair value, consisted of the following:

	2014		2013	
	Number	Fair Value (in thousands)	Number	Fair Value (in thousands)
New GM Common Stock	15,297,307	$ 526,533	28,714,897	$ 798,849
New GM Series A Warrants	13,906,391	345,435	26,104,257	484,492
New GM Series B Warrants	13,906,391	242,110	26,104,257	307,769
Total		$1,114,078		$1,591,110

As described in Note 5, as of March 31, 2014 and 2013, the GUC Trust had accrued liquidating distributions payable of $42.1 million and $16.6 million, respectively, in respect of New GM Securities and cash of $0.2 million and $0.6 million, respectively, then distributable. As a result, the numbers of New GM Securities reflected above include shares and warrants for which liquidating distributions were then pending. As of March 31, 2014 and 2013, these securities for which distributions were then pending aggregated 575,278 and 288,600 shares of New GM Common Stock, respectively, 522,865 and 262,306 Series A Warrants, respectively, and 522,865 and 262,306 Series B Warrants, respectively.

As of March 31, 2014, the number of common stock shares and warrants in the table above also includes New GM Securities aggregating $51.6 million (excluding related Dividend Cash) reserved, or set aside, for projected GUC Trust fees, costs and expenses to be incurred beyond 2014 (including $3.5 million for projected Dividend Taxes) and $536.3 million (excluding related Dividend Cash) of New GM Securities reserved, or set aside, for potential Taxes on Distribution. As of March 31, 2013, the number of common stock shares and warrants in the table above also includes New GM Securities aggregating $41.0 million reserved, or set aside, for projected GUC Trust fees, costs and expenses to be incurred beyond 2013 and $407.3 million of New GM Securities reserved, or set aside, for potential Taxes on Distribution. As a result, as of March 31, 2014 and 2013, the numbers of New GM Securities in the table above include an aggregate of 8,072,042 and 8,092,231 shares of New GM Common Stock, respectively, 7,338,194 and 7,356,545 New GM Series A Warrants, respectively, and 7,338,194 and 7,356,545 New GM Series B Warrants, respectively, which have been so set aside.

Set forth below are the aggregate number and fair value of all such shares and warrants which are pending distribution or are reserved, or set aside, and are not available for distribution at March 31, 2014 and 2013.

	2014		2013	
	Number	Fair Value (in thousands)	Number	Fair Value (in thousands)
New GM Common Stock	8,647,320	$ 297,641	8,380,831	$ 233,155
New GM Series A Warrants	7,861,059	195,269	7,618,851	141,405
New GM Series B Warrants	7,861,059	136,861	7,618,851	89,826
Total		$ 629,771		$ 464,386

7. Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The Trust's Cash Equivalents, Marketable Securities, Holdings of New GM Securities and Liquidating Distributions Payable are presented as provided by this hierarchy.

Level 1—In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets and liabilities that the GUC Trust has the ability to access.

Level 2—Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets or liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3—Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset or liability. The GUC Trust had no assets or liabilities that are measured with Level 3 inputs at March 31, 2014 and 2013.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The GUC Trust's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The GUC Trust also holds other financial instruments not measured at fair value on a recurring basis, including Accounts Payable and Other Liabilities. The fair value of these liabilities approximates the carrying amounts in the accompanying financial statements due to the short maturity of such instruments.

The following table presents information about the GUC Trust's assets and liabilities measured at fair value on a recurring basis at March 31, 2014 and 2013, and the valuation techniques used by the GUC Trust to determine those fair values.

	March 31, 2014			
(in thousands)	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 8,953	$ —	$ —	$ 8,953
Marketable Securities:				
Municipal commercial paper and demand notes	—	18,005	—	18,005
Corporate commercial paper	—	26,377	—	26,377
Holdings of New GM Securities				
New GM Common Stock	526,533	—	—	526,533
New GM Warrants	587,545	—	—	587,545
Total Assets	$1,123,031	$44,382	$ —	$1,167,413
Liabilities:				
Liquidating distributions payable	$ 42,111	$ —	$ —	$ 42,111

(in thousands)	March 31, 2013 Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 354	$ —	$ —	$ 354
Marketable Securities:				
Municipal commercial paper and demand notes	—	61,006	—	61,006
Corporate commercial paper	—	15,790	—	15,790
Holdings of New GM Securities				
New GM Common Stock	798,848	—	—	798,848
New GM Warrants	792,262	—	—	792,262
Total Assets	$1,591,464	$76,796	$ —	$1,668,260
Liabilities:				
Liquidating distributions payable	$ 16,555	$ —	$ —	$ 16,555

The following are descriptions of the valuation methodologies used for assets and liabilities measured at fair value:

- Due to its short-term, liquid nature, the fair value of cash equivalents approximates its carrying value.
- Holdings of New GM Securities are valued at closing prices reported on the active market on which the securities are traded.
- Marketable securities include municipal commercial paper and variable demand notes and corporate commercial paper. Municipal variable demand notes trade daily at par value and, therefore, their fair value is equal to par value. Due to their short term maturities, the fair value of municipal and corporate commercial paper approximates their carrying value.
- Liquidating distributions payable are valued at closing prices of New GM Securities reported on the active market on which the securities are traded

The GUC Trust's policy is to recognize transfers between levels of the fair value hierarchy as of the actual date of the event of change in circumstances that caused the transfer. There were no such transfers during the years ended March 31, 2014 and 2013.

8. Reserves for Expected Costs of Liquidation and Residual Wind-Down Claims

The following is a summary of the activity in the reserves for expected costs of liquidation for the years ended March 31, 2014, 2013 and 2012:

(in thousands)	Reserve for Expected Wind-Down Costs	Reserve for Expected Reporting Costs	Reserve for Indenture Trustee/Fiscal and Paying Agent Costs	Reserve for Avoidance Action Defense Costs	Reserve for Residual Wind-Down Costs	Total Reserves for Expected Costs of Liquidation
Balance, April 1, 2011	$ —	$ —	$ —	$ —	$ —	$ —
Plus:						
Funding for expected costs from MLC	52,734	—	1,365	1,358	7,555	63,012
Additions to reserve	32,434	20,560	—	—	—	52,994
Less liquidation costs incurred:						
Trust Professionals	(25,320)	(6,975)	—	(78)	(3,506)	(35,879)
Trust Governance	(2,866)	—	(718)	—	—	(3,584)
Other Administrative Expenses	(167)	(265)	—	—	—	(432)
Balance, March 31, 2012	56,815	13,320	647	1,280	4,049	76,111
Plus additions to reserve	5,195	12,293	—	—	—	17,488
Less liquidation costs incurred:						
Trust Professionals	(19,712)	(2,985)	—	(382)	(2,408)	(25,487)
Trust Governance	(4,191)	(1,866)	(148)	—	—	(6,205)
Other Administrative Expenses	(64)	(320)	—	—	(10)	(394)
Balance, March 31, 2013	38,043	20,442	499	898	1,631	61,513
Less reductions in reserves	(3,843)	(4,067)	—	—	—	(7,910)
Less liquidation costs incurred:						
Trust Professionals	(7,736)	(2,013)	—	(898)	(373)	(11,020)
Trust Governance	(3,888)	(1,799)	(35)	—	—	(5,722)
Other Administrative Expenses	(47)	(328)	—	—	—	(375)
Balance, March 31, 2014	$ 22,529	$ 12,235	$ 464	$ —	$ 1,258	$ 36,486

During the year ended March 31, 2014, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs decreased by $3.8 million and $4.1 million, respectively. During the year ended March 31, 2013, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs increased by $5.2 million and $12.3 million, respectively. During the year ended March 31, 2012, estimates of expected Wind-Down Costs and estimates of expected Reporting Costs increased by $32.4 million and $20.6 million, respectively. Such revisions in the estimates were recorded as (reductions in) additions to the reserves for expected costs of liquidation in such years. The estimates of expected Wind-Down Costs for the year ended March 31, 2013 reflect the execution of a letter agreement with the DIP Lenders providing for relief from certain restrictions on utilization of Wind-Down Assets. The GUC Trust has recorded reserves for expected costs of liquidation that represent amounts expected to be incurred over the estimated remaining liquidation period of the GUC Trust for which there was a reasonable basis for estimation.

The amount of liquidation costs that will ultimately be incurred depends both on that time period and on the extent of activities required for the GUC Trust to complete its functions and responsibilities under the Plan and the GUC Trust Agreement. Significant uncertainty remains both as to that time period and as to the extent of those activities. As of March 31, 2014, the recorded reserves for expected costs of liquidation reflect estimated costs for a remaining liquidation period extending through December 31, 2016, which has been estimated on a probability-weighted basis as permitted under U.S. GAAP and which the GUC Trust believes is the most appropriate measurement basis in the circumstances. The remaining liquidation period is dependent predominantly on the estimate of the remaining period of time for resolution of the Term Loan Avoidance Action, as well as certain additional estimated time as necessary to wind down the GUC Trust. In addition, certain liquidation costs that are expected to be prepaid by the GUC Trust upon its dissolution have also been estimated and accrued. It is reasonably possible that the GUC Trust's estimates regarding the costs and remaining liquidation period could change in the near term.

The following is a summary of the activity in the reserves for Residual Wind-Down Claims for the years ended March 31, 2014, 2013 and 2012:

(in thousands)	2014	2013	2012
Balance, beginning of year	$30,855	$32,247	$ —
Plus reserves received during the year from MLC	—	—	33,807
Less claims allowed during the year	(2,157)	(1,392)	(1,560)
Balance, end of year	$28,698	$30,855	$32,247

9. Income Tax Benefit (Provision)

The income tax benefit (provision) in the Statements of Changes in Net Assets in Liquidation for years ended March 31, 2014 and 2013 was determined by computing the deferred tax provisions using the GUC Trust's statutory tax rate of 39.6% that became effective on April 1, 2013. For the year ended March 31, 2012, the GUC Trust's statutory tax rate of 35% was applied. There was no current tax benefit or provision in any of such years due to cumulative net operating and capital losses, and no income taxes have been paid by the GUC Trust.

The components of the income tax benefit (provision) in the Statements of Changes in Net Assets in Liquidation for years ended March 31, 2014, 2013 and 2012 are as follows:

(in thousands)	2014	2013	2012
Current	$ —	$ —	$ —
Deferred	164,845	(56,262)	(108,583)
Total	$164,845	$(56,262)	$(108,583)

Deferred taxes in the accompanying Statement of Net Assets in Liquidation at March 31, 2014 and 2013, are comprised of the following components:

(in thousands)	2014	2013
Deferred tax assets:		
Reserves for expected costs of liquidation	$ 13,414	$ 21,983
Net operating and capital loss carryovers	106,867	18,212
Gross deferred tax assets	120,281	40,195
Less: Valuation allowance	(71,197)	—
Deferred tax asset, net of valuation allowance	49,084	40,195
Deferred tax liabilities:		
Fair value in excess of tax basis of holdings of New GM Securities	(49,084)	(205,040)
Gross deferred tax liabilities	(49,084)	(205,040)
Net deferred tax liability	$ —	$(164,845)

The income tax benefit of $164.8 million for the year ended March 31, 2014, primarily resulted from a decrease in the net deferred tax liability during the year. Such decrease in the net deferred tax liability primarily resulted from a decrease in the deferred tax liability for the excess of fair value over the tax basis of holdings of New GM Securities and an increase in the deferred tax asset for net operating and capital loss carryovers, offset in part by the establishment of a valuation allowance against net deferred tax assets of $71.2 million. Both the decrease in the deferred tax liability for the excess of fair value over the tax basis of New GM Securities and the increase in the deferred tax asset for net operating and capital loss carryovers primarily resulted from a new tax position that was taken in the GUC Trust's U.S. federal income tax returns. As previously disclosed in the GUC Trust's Form 10-Q for the quarter ended September 30, 2013, the GUC Trust made a determination to file its U.S. federal income tax returns taking the tax position that beneficial ownership for a substantial majority of New GM Securities transferred from MLC to the GUC Trust on March 31, 2011, and that the tax basis of such New GM Securities should be determined with reference to the value of such securities on such date, instead of December 15, 2011, when record ownership of the remaining New GM Securities still held by MLC was transferred from MLC to the GUC Trust. For the remaining substantial minority of New GM Securities transferred from MLC to the GUC Trust, the GUC Trust determined that transfer of beneficial ownership occurred on other dates for which the tax basis should be determined by reference to the value of such securities on such dates. This new tax position resulted in an increased tax basis of the New GM Securities from the prior tax position and, therefore, reduced taxable gains and increased taxable losses on distributions and sales of New GM Securities since March 31, 2011.

As a result, a tax benefit of $411.6 million (net of establishment of a valuation allowance against deferred tax assets of $103.9 million) related to the new tax position was recognized in the financial statements during the three months ended September 30, 2013. The benefit was recognized because the GUC Trust believes, based on the available evidence and consultation with GUC Trust professionals, that it is more likely than not that the new tax position in the amounts to be reflected in the GUC Trust's income tax returns, will be sustained on examination by the Internal Revenue Service, based on the technical merits of the position. Subsequently, the GUC Trust filed its U.S. federal income tax returns for the year ended March 31, 2013 with the Internal Revenue Service using the new tax position. Although the GUC Trust's U.S. federal income tax returns for the years ended March 31, 2012 and 2013 are no longer subject to examination by the Internal Revenue Service as a result of the application of Section 505(b) of the Bankruptcy Code, such new tax position, as of the date hereof, has not been sustained on examination by the Internal Revenue Service. Accordingly, capital loss carryovers generated in the years ended March 31, 2012 and 2013, from the new tax position, could be subject to examination by the Internal Revenue Service in subsequent years when those losses are utilized.

Such income tax benefit recognized during the three months ended September 30, 2013 was partially offset during the year ended March 31, 2014, primarily by an increase in the deferred tax liability associated with an increase in the fair value of holdings of New GM Securities since March 31, 2013.

The valuation allowance against deferred tax assets referred to above of $103.9 million that was established in the quarter ended September 30, 2013, was reversed during the quarter ended December 31, 2013. Such reversal was due to anticipated taxable gains exceeding deductible items primarily as a result of utilization of capital loss carryovers in the quarter ended December 31, 2013. Such capital loss carryovers were utilized as a result of the generation of taxable gains from the distribution of New GM Securities during the quarter. During the quarter and year ended March 31, 2014, the GUC Trust recorded a full valuation allowance against its net deferred tax assets of $71.2 million as of March 31, 2014 due to uncertainty as to whether the deferred tax assets are realizable. Realization of the net deferred tax assets is dependent upon generation of taxable gains upon the distribution or sale of New GM Securities in the future, which is not determinable prior to occurrence, or the receipt of future dividends on New GM Common Stock held by the GUC Trust for which a reasonable basis for estimation does not exist at this time.

As of March 31, 2014, the GUC Trust has net operating loss carryforwards of $84.5 million that begin to expire in March 2032, and capital loss carryforwards of $185.4 million (after giving effect to the new tax position with respect to the tax basis of New GM Securities described above) that begin to expire in March 2017 resulting in a deferred tax asset of $106.9 million in the aggregate for both carryforwards.

10. Related Party Transactions

In addition to serving as GUC Trust Administrator, Wilmington Trust Company continues to serve as trustee pursuant to the indentures for certain series of previously outstanding debt of MLC. Wilmington Trust Company has received and will continue to receive certain customary fees in amounts consistent with Wilmington Trust Company's standard rates for such service. The Bankruptcy Court previously approved the creation of a segregated fund for the purposes of funding such fees for Wilmington Trust Company, as well as the other indenture trustees and fiscal and paying agents for previously outstanding debt of MLC. There were no such fees for Wilmington Trust Company in the years ended March 31, 2014 and 2013. Fees during the year ended March 31, 2012 were $480,000.

In addition, Wilmington Trust Company has also entered into certain arrangements with the GUC Trust pursuant to which it or its affiliates have previously received, and may in the future receive, reasonable and customary fees and commissions for services other than services in the capacity of GUC Trust Administrator. Such arrangements include the provision of custodial, investment advisory and brokerage services to the GUC Trust. The fees and commissions charged by Wilmington Trust Company and its affiliates pursuant to these arrangements are consistent with the standard fees and commissions charged by Wilmington Trust Company to unrelated third-parties in negotiated transactions. During the years ended March 31, 2014, 2013 and 2012, the total amount of such fees and commissions was approximately $53,000, $147,000, and $210,000, respectively.

Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

During the fiscal period covered by this report, the management of the GUC Trust, with the participation of the Vice President of the GUC Trust Administrator, completed an evaluation of the effectiveness of the design and operation of the GUC Trust's disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities and Exchange Act of 1934, as amended). Based on this evaluation, the GUC Trust's management, including that Vice President of the GUC Trust Administrator, has concluded that, as of the end of the fiscal period covered by this report, the GUC Trust's disclosure controls and procedures were effective.

The GUC Trust's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Securities and Exchange Act of 1934, as amended). During the fiscal period covered by this report, the management of the GUC Trust, with the participation of the Vice President of the GUC Trust Administrator, conducted an evaluation of the effectiveness of its internal control over financial reporting, based on the framework in "Internal Control– Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, the GUC Trust's management has concluded that, as of March 31, 2014, the GUC Trust's internal control over financial reporting was effective. This annual report does not include an auditor's attestation report regarding internal control over financial reporting, because the GUC Trust is a non-accelerated filer and is therefore not subject to such auditor attestation requirements under applicable rules of the Securities and Exchange Commission.

Aside from improvements made in connection with the documentation and testing of internal control over financial reporting as part of the foregoing evaluation, during the fiscal year ended March 31, 2014, no other change occurred that materially affected, or is reasonably likely to materially affect, the GUC Trust's internal control over financial reporting.

Item 9B. Other Information.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

The GUC Trust has no officers, directors or employees. The GUC Trust is administered by the GUC Trust Administrator, Wilmington Trust Company, not in its individual capacity but solely in its capacity as the trust administrator and trustee of the GUC Trust. The activities of the GUC Trust Administrator are overseen by the GUC Trust Monitor, FTI Consulting, Inc., solely in its capacity as monitor of the GUC Trust. The GUC Trust Administrator is authorized by the GUC Trust Agreement to retain, pay, oversee, direct the services of and (subject to GUC Trust Monitor approval) terminate Trust Professionals to assist in the administration of the GUC Trust, particularly in connection with the claims resolution process, the preparation of financial statements and the GUC Trust's record keeping and reporting functions. The GUC Trust and GUC Trust Administrator rely solely on receiving accurate information, reports and other representations from (i) the Trust Professionals, (ii) the GUC Trust Monitor, and (iii) other service providers to the GUC Trust. In filing this Form 10-K and executing any related documentation on behalf of the GUC Trust, the GUC Trust Administrator has relied upon the accuracy of such reports, information and representations. Notwithstanding such reliance, the GUC Trust Administrator is ultimately responsible for the disclosure provided in this Form 10-K.

The GUC Trust Administrator's role is provided for under the GUC Trust Agreement, and such role includes without limitation the obligation to (i) hold, manage, sell, invest and distribute the assets comprising the corpus of the GUC Trust, (ii) prosecute and resolve objections to Disputed General Unsecured Claims, (iii) take all necessary actions to administer the wind-down of the affairs of the Debtors, and (iv) resolve and satisfy (to the extent allowed) any Residual Wind-Down Claims. The responsibilities of the GUC Trust Administrator in connection with the wind-down of MLC and its Debtor subsidiaries include monitoring and enforcing the implementation of the Plan as it relates to the wind-down, paying taxes and filing tax returns, making any other necessary tax filings related to the wind-down and in general taking any other actions necessary or appropriate to wind-down MLC and its debtor subsidiaries and obtain an order closing the Debtors' chapter 11 cases.

The GUC Trust Monitor was appointed for the purpose of overseeing the activities of the GUC Trust Administrator. The GUC Trust Administrator is required to obtain the approval of the GUC Trust Monitor for a variety of actions, including preparing budgets and making expenditures that deviate from the Budget by more than a specified amount (except to the extent such expenditures are approved by the Bankruptcy Court), settling or otherwise resolving disputed claims in excess of a specified amount, retaining or terminating Trust Professionals, reserving of GUC Trust assets intended for distribution to GUC Trust beneficiaries for the payment of administrative expenses or Taxes on Distribution and amending the GUC Trust Agreement.

Pursuant to the No Action Letter, in response to Item 401 of Regulation S-K, this Form 10-K includes disclosure relating to certain individuals who are employed by the GUC Trust Administrator and GUC Trust Monitor, respectively, in a leadership capacity with respect to the administration by the GUC Trust Administrator and the monitorship by the GUC Trust Monitor, respectively, with regard to the GUC Trust:

- *David Allen Vanaskey, Jr.* , 49, is a vice-president in the Capital Markets Division of Wilmington Trust Company. At Wilmington Trust Company, he has management and account responsibilities in asset financing, equipment financing and restructuring and default products. David Vanaskey has worked in the financial services industry for over 25 years. He has specialized in asset securitizations, equipment financings, corporate lending and project finance transactions. He has participated in Chapter 11 restructurings, creditor committee participation, liquidations, and disbursements. Most recently he was the Indenture Trustee in the General Motors unsecured public debt transactions and chaired the committee for unsecured creditors in the General Motors bankruptcy.
- *Conor P. Tully*, 42, is a senior managing director in the Corporate Finance/Restructuring practice of FTI Consulting, Inc. Mr. Tully has more than 19 years of experience in providing clients with strategic planning, merger and acquisition advisory and business advisory services in both distressed and healthy company situations. For the past 16 years, Mr. Tully has specialized in providing restructuring services to companies, financial institutions and creditors in the troubled company environment, including both formal Chapter 11 proceedings and out-of-court workout situations. Mr. Tully's industry experience includes the automotive, financial services, consumer products, telecom, metals, energy and manufacturing industries. Prior to joining FTI Consulting, Inc. in October, 2004, Mr. Tully was a director in the restructuring practice of Ernst & Young Corporate Finance LLC. Mr. Tully holds a B.A. in accountancy from Manhattan College. He is a certified public accountant, a certified insolvency and restructuring advisor, a certified turnaround professional, and is accredited in business valuation. Mr. Tully is also a member of the American Bankruptcy Institute, the American Institute of Certified Public Accountants, the Association of Insolvency and Restructuring Advisors, and the Turnaround Management Association.

Item 11. Executive Compensation.

Under the GUC Trust Agreement, the GUC Trust Administrator is entitled to receive fair and reasonable compensation for its services, to be paid out of the Administrative Fund in accordance with the Budget prior to the final distribution date. The GUC Trust Administrator is entitled, without the need for approval of the Bankruptcy Court, to reimburse itself from the Administrative Fund on a monthly basis for such compensation and all reasonable out-of-pocket expenses actually incurred in the performance of duties in accordance with the GUC Trust Agreement and the Budget. In addition, to the extent the Administrative Fund is not sufficient to provide the GUC Trust Administrator with fair and reasonable compensation for its services or for reasonable out-of-pocket expenses, the GUC Trust Administrator will be paid out of the Other Administrative Cash in accordance with Section 6.1 of the GUC Trust Agreement. During the fiscal year ended March 31, 2014, the GUC Trust Administrator received compensation of approximately $3.6 million under the GUC Trust Agreement and expense reimbursements of approximately $115 thousand.

Under the GUC Trust Agreement, the GUC Trust Monitor is entitled to receive fair and reasonable compensation for its services, to be paid out of the Administrative Fund, in accordance with the Budget. The GUC Trust Monitor is entitled, without the need for approval of the Bankruptcy Court, to direct the GUC Trust Administrator to reimburse the GUC Trust Monitor from the Administrative Fund on a monthly basis, for such compensation and all reasonable out-of-pocket expenses actually incurred in the performance of duties in accordance with the GUC Trust Agreement, consistent with the Budget prepared pursuant to Section 6.4 of the GUC Trust Agreement. In addition, to the extent the Administrative Fund is not sufficient to provide the GUC Trust Monitor with fair and reasonable compensation for its services or for reasonable out-of-pocket expenses, it will be paid out of the Other Administrative Cash in accordance with Section 6.1 of the GUC Trust Agreement. During the fiscal year ended March 31, 2014, the GUC Trust Monitor received compensation of approximately $2.0 million under the GUC Trust Agreement and expense reimbursements of approximately $17 thousand.

As noted above, the GUC Trust has no officers, directors or employees.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

Disclosure under this item is not required, pursuant to the No Action Letter.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

In addition to serving as GUC Trust Administrator, Wilmington Trust Company continues to serve as trustee pursuant to the indentures for certain series of previously outstanding debt of MLC. Wilmington Trust Company has received and will continue to receive certain customary fees in amounts consistent with Wilmington Trust Company's standard rates for such service. The Bankruptcy Court previously approved the creation of a segregated fund for the purposes of funding such fees for Wilmington Trust Company as well as the other indenture trustees and fiscal and paying agents for previously outstanding debt of MLC. There were no such fees for Wilmington Trust Company in the year ended March 31, 2014.

In addition, Wilmington Trust Company has also entered into certain arrangements with the GUC Trust pursuant to which it or its affiliates have previously received, and may in the future receive, reasonable and customary fees and commissions for services other than services in the capacity of GUC Trust Administrator. Such arrangements include the provision of custodial, investment advisory and brokerage services to the GUC Trust. The fees and commissions charged by Wilmington Trust Company and its affiliates pursuant to these arrangements are consistent with the standard fees and commissions charged by Wilmington Trust Company to unrelated third-parties in negotiated transactions. During the fiscal year ended March 31, 2014, the total amount of such fees and commissions was approximately $53,000.

Item 14. Principal Accounting Fees and Services.

Fees for professional services provided by Plante & Moran, PLLC, the GUC Trust's independent auditors, in each of the years ended March 31, 2014 and 2013, in each of the following categories, including related expenses, are as follows:

	Year Ended March 31, 2014	Year Ended March 31, 2013
Audit Fees (1)	$268,211	$301,108
Audit-Related Fees (2)	—	5,506
Tax Fees (3)	19,709	128,504
All Other Fees	—	—
Total	$287,920	$435,118

(1) Consists of fees for the audit of the GUC Trust's annual financial statements, review of the GUC Trust's Form 10-K, review of quarterly financial statements included in the GUC Trust's Forms 10-Q, and review of Form 8-K filings.
(2) Consists of fees for consultation on accounting, financial reporting, and internal control matters.
(3) Includes fees for preparation of the GUC Trust's federal income tax return for the fiscal years ended March 31, 2013 and 2012, preparation of the MLC federal and state income tax returns for its final tax year ended December 15, 2012, and assistance with other MLC tax compliance matters.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

Exhibit No.	Description
31	Section 302 Certification.
32	Section 906 Certification.
101	The following financial statements and notes thereto from the annual report on Form 10-K of Motors Liquidation Company GUC Trust, for the fiscal year ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Statements of Net Assets in Liquidation (Liquidation Basis) as of March 31, 2014 and 2013, (ii) Statements of Changes in Net Assets in Liquidation (Liquidation Basis) for the years ended March 31, 2014, 2013, and 2012, (iii) Statements of Cash Flows (Liquidation Basis) for the years ended March 31, 2014,2013, and 2012 and (iv) Notes to Financial Statements.

SIGNATURES

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

Date: May 22, 2014

MOTORS LIQUIDATION COMPANY GUC TRUST

By: Wilmington Trust Company, not in its individual capacity, but solely in its capacity as trust administrator and trustee of the Motors Liquidation Company GUC Trust

By: /s/ David A. Vanaskey
Name: David A. Vanaskey
Title: Vice President of Wilmington Trust Company

EXHIBIT INDEX

Exhibit No.	Description
31	Section 302 Certification.
32	Section 906 Certification.
101	The following financial statements and notes thereto from the annual report on Form 10-K of Motors Liquidation Company GUC Trust, for the fiscal year ended March 31, 2014, formatted in XBRL (eXtensible Business Reporting Language): (i) Statements of Net Assets in Liquidation (Liquidation Basis) as of March 31, 2014 and 2013, (ii) Statements of Changes in Net Assets in Liquidation (Liquidation Basis) for the years ended March 31, 2014, 2013 and 2012, (iii) Statements of Cash Flows (Liquidation Basis) for the years ended March 31, 2014, 2013 and 2012, and (iv) Notes to Financial Statements.

Exhibit 31

Certification Pursuant to
Section 302 of the Sarbanes Oxley Act of 2002

I, David A. Vanaskey, in my capacity as Vice President of Wilmington Trust Company, in its capacity as trust administrator and trustee of Motors Liquidation Company GUC Trust (the "Trust"), certify that:

1. I have reviewed this annual report on Form 10-K of the Trust;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the net assets and changes in net assets under the liquidation basis of accounting of the Trust as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the Trust and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under my supervision, to ensure that material information relating to the Trust, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Trust's disclosure controls and procedures and presented in this report my conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the Trust's internal control over financial reporting that occurred during the Trust's most recent fiscal quarter (the Trust's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Trust's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation, to the Trust's auditors:

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Trust's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Trust's internal control over financial reporting.

Date: May 22, 2014

By: /s/ David A. Vanaskey
Name: David A. Vanaskey
Title: Vice President of Wilmington Trust Company

Exhibit 32

**Certification pursuant to 18 U.S.C. Section 1350,
as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with this annual report on Form 10-K (the "Report") of Motors Liquidation Company GUC Trust (the "Trust"), as filed with the Securities and Exchange Commission on the date hereof, David A. Vanaskey, as Vice President of Wilmington Trust Company, in its capacity as trust administrator and trustee of the Trust, does hereby certify as of the date indicated below, pursuant to § 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350), that to his knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934. as modified by the; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Trust.

Date: May 22, 2014

By: /s/ David A. Vanaskey
Name: David A. Vanaskey
Title: Vice President of Wilmington Trust Company